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California's new power structure

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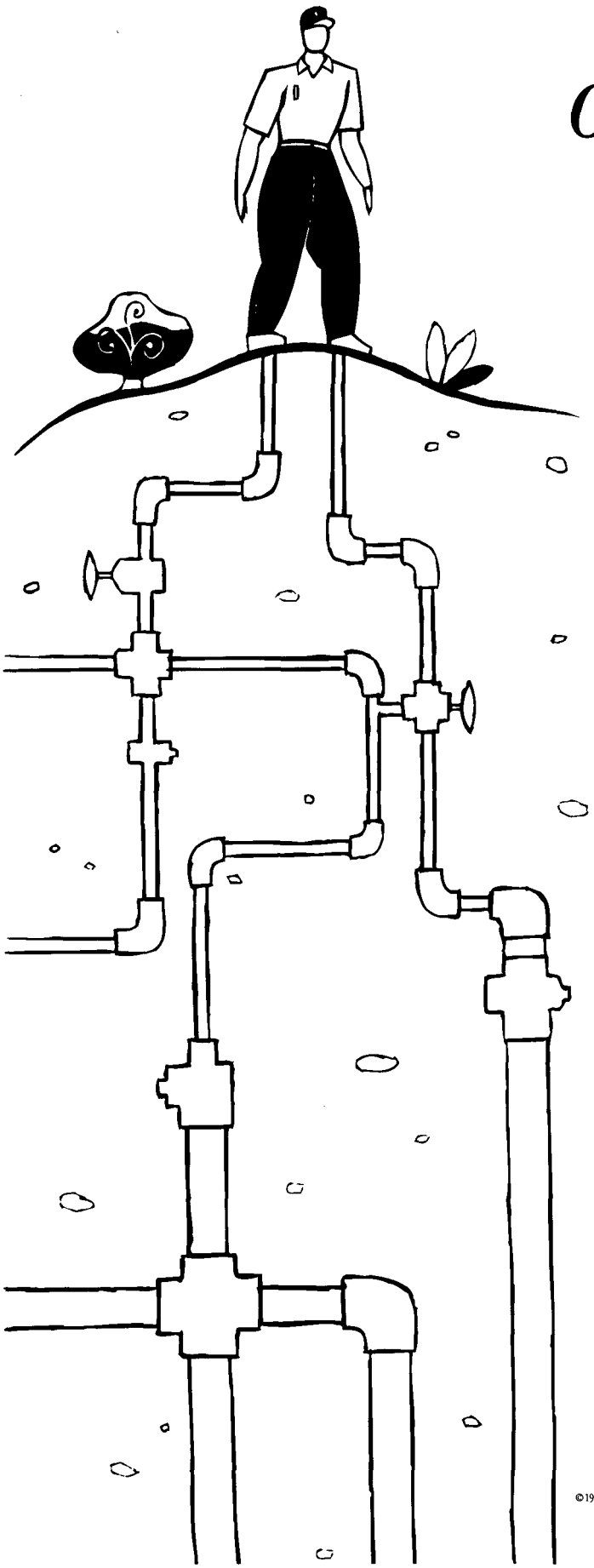

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California JOURNAL

Independent analysis of politics and government

NOVEMBER 1996
VOLUME XXVII, NUMBER 11

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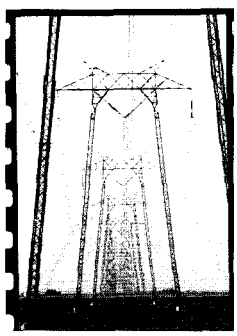
The way consumers — big and small — get electric power has been deregulated. Does this mean that Californians will be bombarded at the dinner hour by folks trying to sell kilowatts?
By Steve Scott



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Upfront
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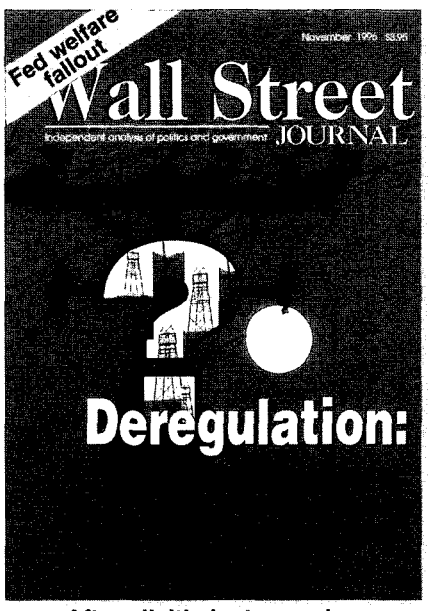
Books. A pair of new books about California has hit the shelves in recent weeks, and both bear reading. The first is a biography of former Speaker Willie Brown Jr. by reporter Jim Richardson of *The Sacramento Bee*. Published by the University of California Press, the book delves into details from Brown's past that helped shape his future — including his relationship with a flamboyant uncle in Mineola, Texas, and traits the younger Brown inherited from his father. It also paints a revealing, and frightening portrait of African-American life in segregated East Texas during the 1930s — the life that formed the soul of Willie Brown Jr. A second book — "The Coming White Minority" — is from Pulitzer Prize winner Dale Maharidge, a former *Bee* reporter who now teaches at Stanford. Maharidge focuses on the notion that whites no longer will be a majority in California by 1998 and the impact that demographic shift may have on the rest of the nation. His book, published by Times Books, explores the coming racial and ethnic balance through the lives of four Californians — among them, Assemblywoman Martha Escutia (D-Los Angeles).

Jack Benny Award. The late Jack Benny was known for his comic sense of timing, and thus we award a brass pause in his name to Ken Khachigian, national advisor to GOP presidential hopeful Bob Dole and major domo of his California campaign. On September 25th, Khachigian fired off a broadside accusing reporters of being "pathologically committed to taking [Dole] out of competing in an electoral contest." Khachigian was referring to a spate of stories about Dole's real commitment to campaigning in California, where the Republican trailed President Bill Clinton at the time by some 20 points. The effort to drive Dole out, Khachigian protested, has "lasted for for months, and for four months, every shred of evidence has proven the opposite." The next day, Khachigian issued a terse release to announce that Dole would skip an Orange County fund raiser. He was represented by his wife, Liddy, and by vice-prez nominee Jack Kemp. The reason? Dole needed to remain on the East Coast to prepare for the first debate — scheduled six days after the Orange County affair. A subsequent poll showed Dole closing the gap to within 10 points, and the media then were filled with stories about a renewed Republican effort in California.



After all, it's just a random combination of generic terms...
(see "Two Cents", page 6.)

Ill-will gesture. Although more than five weeks remained before the November election, the battle for a seat on the Orange County Board of Supervisors went past the boiling point late this September when one of the contestants — Assemblyman Mickey Conroy (R-Orange) — accosted his opponent — Deputy District Attorney Todd Spitzer — shouting naughty words and making hand gestures more appropriate on a high-school playground. The provocation? Spitzer has made Conroy's pending sexual-harrassment trial a campaign issue, which Conroy told the *Los Angeles Times* has upset his wife. According to witnesses, Conroy approached Spitzer at the opening of a Republican Party headquarters in Mission Viejo, shouted a few profanities then gestured with the middle fingers on both hands. "The guy is going bonkers," Spitzer told the *Times*. Both candidates are Republicans, although the office they seek is nonpartisan. As a legislator, Conroy is best known for introducing a bill that would authorize paddling for convicted graffiti artists — an idea Conroy borrowed from the Singapore police department. Wonder what the penalty is in Singapore for committing a lewd act in public?

An outrage. The California Building Industry Association recently put out a press release, scolding a coalition of education groups for joining hands to prevent a school-bond proposal from reaching the November ballot. Let us add our outrage. Why, the very idea of administrators, school boards and teachers banning together to quash money for schools is horrible. We join with the CBIA in condemning the selfishness of these brigands of the education establishment. They ought to be drummed from office, broken, hounded for the rest of their natural lives — and beyond. Hooray for the CBIA, champions of education. Hooray for the CBIA, defenders of all that is right and moral and holy about public education. How dare these education groups ... hrumph, hrumph, hrumph (see next item).

Another outrage. The California Building Industry Association recently put out one whopper of a misleading press release regarding the demise of a bill designed to put a school bond on the November ballot. The CBIA scolded a coalition of education groups for helping to kill SB 569 by Senator Bill Leonard (R-Redlands), making it sound as though no money would be available for education because of what it called "the school lobby." True enough; Leonard's bill would have put a $2 billion school bond before voters

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in November. What the release does not mention is that those same groups supported another bill by Senator Leroy Greene (D-Carmichael) —SB 763, which would have put a $4 billion bond on the ballot, including money for higher education. The difference in the two bills? How developer fees were treated. The Leonard bill would have provided a windfall for — you guessed it — builders. Both bills passed the Senate but died in the Assembly. Democrats favored the Greene bill; Republicans favored the Leonard bill, which was backed by the CBIA, which opposed the Greene bill. So, who killed a November school bond? Likely, it was both sides — something the CBIA spinmeisters neglected to mention.

Case closed. Remember the hoopla and teeth-gnashing that followed Michael Huffington's defeat in the 1994 U.S. Senate race against Dianne Feinstein? Huffington refused to concede for weeks, alleging that the election had been stolen from him by rampant voter fraud. Republican congressional candidate Susan Brooks joined Huffington's indignation after she narrowly lost to Democratic incumbent Jane Harman in CD 36. An organization was even formed — the Voter Fraud Task Force — which claimed to have found 170,000 fraudulent votes cast in the '94 election statewide. Well, a few weeks ago, after an exhaustive investigation of its own, the Secretary of State's Office turned 97 incidents of alleged voter fraud in CD 36 over to the Los Angeles District Attorney's Office. The DA declined to prosecute any of them, putting to rest charges that massive voter fraud cost Huffington and Brooks their elections. No word from either claimant on whether their post-election hyperbole added to public disdain for the political system as a whole.

Chutzpah of the month. Has to be something called the "Locker Room Report," which is billed as the "Official Newsletter of the Oakland Raiders PSL Holders." PSL, in case you aren't an Alameda County taxpayer, is a personal seat license, which cost some folks as much as $750 and which guaranteed the holder the right to buy a Raiders' season ticket for the next 10 years. Some people ponied up a ton of dough in the first rush after the Raiders announced they were moving back to the Bay Area from Los Angeles, only to discover that — oops — the Coliseum is rarely sold out for football games and that they probably could have bought a season ticket without coughing up seed money. Meanwhile, the money earned through PSL sales didn't go to the Raiders; it went to Alameda County to help defray the $100 million in renovations being pumped into the Coliseum — renovations demanded by the Raiders as part of the incentive package for re-relocating back to Oakland. But since those sales have lagged far below estimates, county taxpayers are on the hook for the tab. By the by, sources say that the renovations have so changed the character of the park for baseball, that the Coliseum's other tenant — the Oakland Athletics — probably will leave when their lease expires in a few years. Meanwhile, the newsletter tries to put a smiley face on continued sales of PSLs.

Fee this. Some teachers have long grumped that a portion of their dues to the California Teachers Association were used to promote political causes with which the teachers disagreed. In September, an arbiter agreed, saying that the CTA no longer could use fee money — some might describe it as "union dues" — to pay for campaigns and lobbying efforts against, say, school vouchers. According to the Los Angeles-based Center for Popular Culture, a conservative think tank, the arbiter's ruling means, among other things, that the CTA must refund more than $4 million spent to defeat Proposition 174 in 1993.

"Always the path of American destiny has been into the unknown. Always there arose enough reserves of strength, balances of sanity, portions of wisdom to carry the nation through to a fresh start with ever-renewing vitality."

— Carl Sandburg

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Two Cents commentary

What's in a name?

As many of our readers are aware, this magazine has been under assault of late, the raid perpetrated by one of the lions of journalism — *The Wall Street Journal.* For the past few years, that *Journal* has sought to augment its acclaimed national coverage with special, weekly supplements aimed at two states and one region. The supplements are called "Florida Journal," "Texas Journal" and "Southeast Journal."

On October 2nd, *WSJ* added a fourth state to its repertoire: California. The supplement was published under the banner "California Journal."

And it was published over the strenuous objection of this magazine, which has been known as *California Journal* since its inception in January 1970. *CJ* notified *WSJ* several weeks prior to October 2nd that, after 26 years of continuous use, we owned the name. We also pointed out that *WSJ's* appropriation of "California Journal" for itself would prove confusing in our marketplace and could harm, among other things, our ability to attract advertisers and subscribers — not to mention our reputation for editorial independence. We asked that *WSJ* find some other title.

The reply was both condescending and insulting. "California Journal," sniffed *WSJ* General Manager Danforth Austin, "is merely the random combination of generic terms" and therefore not entitled to protection under laws regarding trade names — an odd argument from an entity that has aggressively guarded its own random combination of generic terms. Austin also assured us that no confusion could possibly exist, since *WSJ* is a daily and its supplement a weekly and that they both cover business and finance, while *CJ* is a monthly that reports on politics and government.

We thanked Mr. Austin, and passed along several RSVPs for parties that *WSJ* had planned in connection with the launch of its California supplement; RSVPs tendered to us rather than to him by unconfused folks such as the governor's chief of staff. We also passed along some *WSJ* mail that unconfusedly had found its way to our address, and an unconfused request that we verify Rick Wartzman as the new editor of our magazine. Wartzman edits the supplement.

We also should have warned Mr. Austin that he could save some money by closing his bureau in Sacramento — a bureau set up exclusively for the California supplement and manned by a pair of veteran *political* reporters. Sacramento, after all, is not a business or financial center. A political vortex, yes — but the stock exchanges, bond houses, big banks and corporations mostly are located in the San Francisco Bay Area, Los Angeles, Orange County and San Diego. Unfortunately, it slipped our mind at the time.

The litany of Mr. Austin's assertions about publishing formats, schedules and coverage areas was smoke and snort anyway. The first two editions of *WSJ's* "California Journal" contained a plethora of political stories, some of them grinding over the same themes as pieces published in this magazine during the past 12 months. In addition, *WSJ* squandered a lot of money and energy to promote its new supplement. It printed newsstand placards, conducted a radio ad campaign and highlighted its version on its front page — all with the express purpose of creating a journalistic entity known as "California Journal" and associating that name with its supplement. One of the ultimate biproducts of that effort would be to disassociate us from the name.

All this aside, the *WSJ* could print its supplement on the head of a pin and distribute it through dart guns and its use of "California Journal" still would be piracy.

After 26 years and 11 months, this magazine has earned exclusive title to "California Journal," and any argument to the contrary defies common law, common sense and common interpretations of fairness, justice and ethical behavior in the world of business. It is inconceivable that *The Wall Street Journal* would endure for one nanosecond the use of its name by any other entity. In fact, *WSJ* is on record as not tolerating the use of even the illusion of its name. A decade ago, it sent its legal attack dogs after a Colorado children's monthly that billed itself *The Small Street Journal,* forcing that paper to change its format before *WSJ* let go of its leg.

Eventually, *CJ* took *The Wall Street Journal* to court to protect its name. Prior to October 2nd, we won a temporary restraining order that restrained nothing, for the *WSJ* twice used "California Journal" for its supplement after interpreting the order as preventing it from putting the name on a "stand-alone" publication rather than on an insert. On October 10th, however, we won a preliminary injunction that banned *WSJ* from using our name on any form of publication, a decision upheld by the Third District Court of Appeal. The *WSJ* subsequently bowed to the court and published its October 16th supplement under the simple heading "California." At the same time, it has appealed to the State Supreme Court to overturn the injunction.

Meanwhile, this entire episode boggles the mind. Sure, we have a parochial and biased view of it. But what could have possessed the *WSJ* to steal the name of another business, regardless of format or purpose? Surely, it knew we existed. It apparently performed a title search in California two years ago, while reporters interviewing for jobs with the supplement told *WSJ* execs about us months ago. Did the *WSJ* think it could blow us off because we're small, or because we lack the financial resources for a prolonged court fight?

The Wall Street Journal touts its well-deserved reputation as the end-all, be-all, know-all of business and finance — the paper you simply must read before you make an informed business decision. Yet in the conduct of this affair, *WSJ* itself made a boneheaded decision that it tried to defend with specious arguments and misstatements. Why? Why not just admit the mistake, change the name of the supplement and be done with it? Or does the *WSJ* now need "California Journal" to stave off what could otherwise be a nick in that vaunted reputation for dispensing business wisdom?

— A.G. Block

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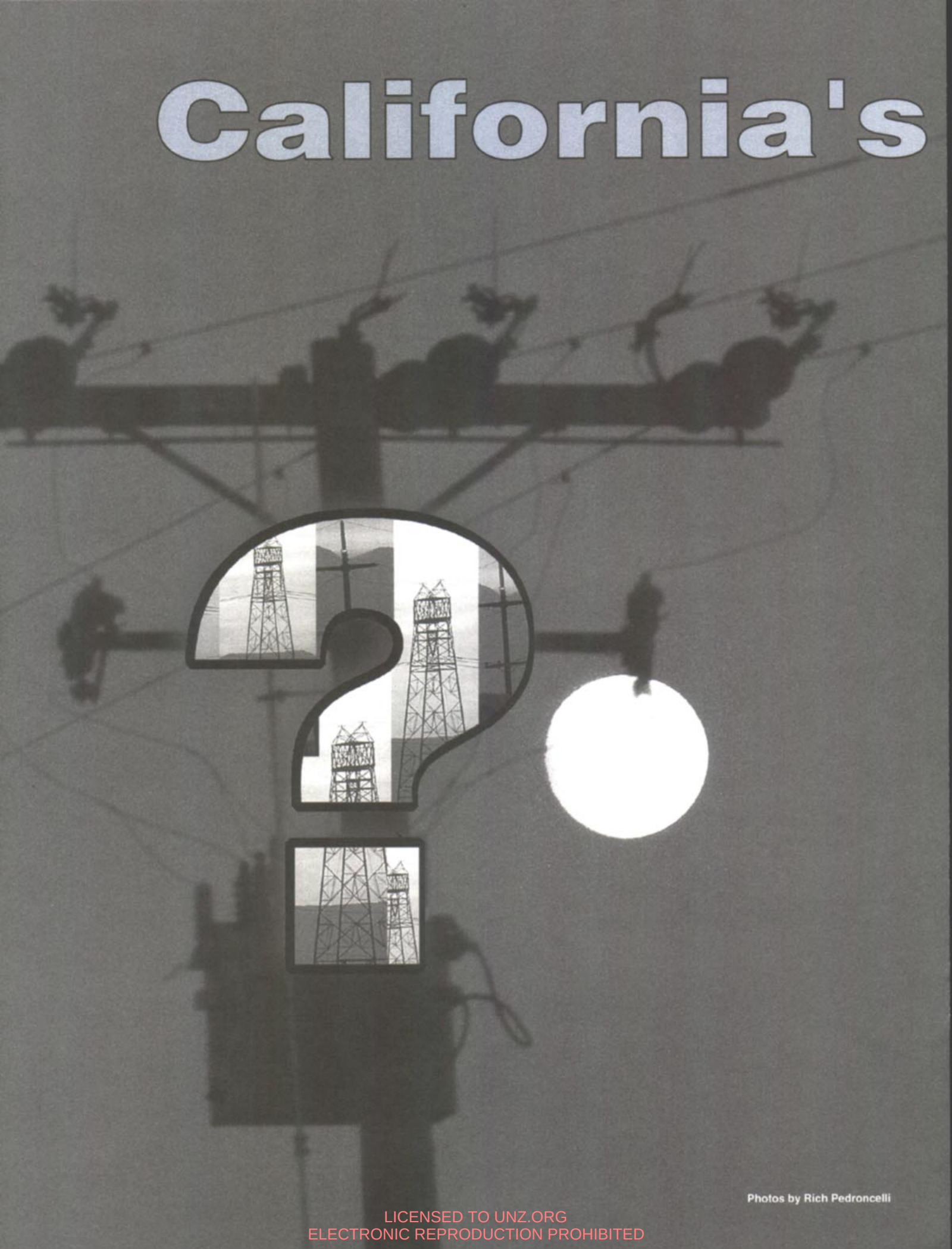

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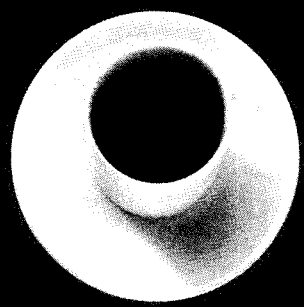

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New Electric Bill

Getting the state's groundbreaking electricity deregulation bill through the Legislature was the first miracle. The second will be getting it to work...and making it work.

By Steve Scott

Hidden somewhere within the San Francisco headquarters of Pacific Gas and Electric Company is a room dominated by computers, whose monitors are blinking with a spaghetti of graphs, maps, spreadsheets, and other similarly constructed data. The ambience is sort of a cross between an airport control tower and a commodities trading floor, as moment-to-moment decisions are made about how much electricity is needed and where to get it. An observer who has seen the center in action dubbed it "The War Room."

In the era of publicly regulated monopolies, these "war rooms" have been the main hub of frenzy in any utility's headquarters. But thanks to the California Legislature, there's a new center of gravity in the bureaucracy of your friendly power company — the marketing department.

Yes, that's right. California's power monopolies are about to taste the joys and sorrows of the free-enterprise system.

Defying the odds and expectations of all but a very few, Governor Pete Wilson signed what some believe is the most significant regulatory restructuring since the break-up of ATT. According to its architects, the electricity deregulation legislation —

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Assembly Bill 1890 — will replace the decades-old patchwork of self-contained fiefdoms with a free-wheeling open market. More than 100 pages long, AB 1890 sets up a five-year transition period, ultimately resulting in an open system where all customers, in theory, will be able to pick and choose their power company the same way they pick a long distance provider.

"We've taken the largest monopoly in California, perhaps in America, and moved it to competition," said Assemblyman Jim Brulte (R-Rancho Cucamonga), the lead author of AB 1890.

According to Brulte and the measure's backers, just about everyone who pays an electric bill will feel its effects. Residential and small business customers will see rates go down 20 percent, 10 percent of it mandated in the new law. Business and industry could see costs drop by 30 percent. Of course, at the moment, all these grand savings still exist only on paper. Only the initial 10 percent residential cut is mandated by law, while the rest of the savings predictions depend in large measure on how the legislation is implemented.

So what does the crystal ball hold for California's $20 billion electrical power industry? Who will be the winners in an openly competitive system and who will be the losers? Will there be assurances that the lights will still go on reliably when the switch is flicked? And, perhaps most important, will utilities be making those dinnertime telemarketing calls the way long-distance providers do, hectoring us to switch control of our switches? While no one can say with certainty what will happen, there are some initial predictions, and some best- and worst-case scenarios. First, however, a little recap of how restructuring came to pass.

As with the deregulation of the telecommunications and natural gas industries, the push for electricity restructuring did not swell up from the grassroots of individual ratepayers. While Californians' power rates run about 50 percent higher per kilowatt/hour than the rest of the country, the climate here keeps most people's overall energy costs at or below the national average. But for manufacturers and large businesses, whose power costs run in the millions, the higher rates per kilowatt/hour were very much an issue. They chafed at being forced to accept what the local utility offered and yearned for direct access to power generators, allowing them to bypass the local utility monopolies.

"As a major manufacturer, you put everything out to bid," noted D.J. Smith, lobbyist and director of the industry-led coalition Californians for Competitive Energy. "You could not put power out to bid. It was outrageous."

The possessors of those monopolies were understandibly discomfitted by the idea, having invested billions collectively in power plants, alternative energy, and transmission and distribution systems, all under a heavy regulatory hand. Their fear was that these uneconomical "stranded costs" — estimated to tack as much as 30 percent on to the average power bill — would effectively preclude them from competing with smaller, leaner power providers from out of state.

A December proposal from the state Public Utilities Commission raised more questions than it answered and left many of the key participants out of the solution. With the clock ticking toward implementation of an unsatisfactory regulatory structure, the Legislature stepped in, eventually forming a special two-house conference committee, chaired by Senator Steve Peace (D-Chula Vista), to sort things out. Hundreds of hours of hearings followed, most of them led by the irascible Peace who, like Brulte, was given virtually free reign by his caucus leadership. The process became known as "the Peace death march," and prompted one lobbyist to quip, "If they ever do this again, I'm programming [suicide doctor] Jack Kevorkian's number on my cell phone's speed dial."

The end result was 100 pages of legislation providing an accelerated roadmap to competition which uses the PUC plan as a framework, but offers much more specificity (for a summary of the bill's key provisions, see page 12). The mandatory 10 percent rate reduction was added, as was a cap on the amount the utilities could bill ratepayers for their stranded costs. Municipal utilities were given the opportunity to join the party, but only if they allow other competitors into their service areas. A subsidy of more than $500 million was provided to help make alternative fuel sources more financially competitive. The rest was right out of the PUC

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proposal — a five-year transition period during which investor-owned utilities could pay off some $28 billion of "stranded costs" with a non-bypassable surcharge paid by everyone, including those who move to direct access.

Given its complexity and scope, the bill enjoyed a remarkably broad consensus, which included industry, labor, agriculture, energy producers, environmentalists, and the utilities themselves. Toward Utility Rate Normalization (TURN), perhaps the most prominent ratepayer advocacy group in the state, won enough concessions to cause them to withdraw their formal opposition and take a neutral position. "I honestly believe we had a significant impact on behalf of ratepayers," said TURN lobbyist Lenny Goldberg, who walked just about every step of the "Peace death march." Only Consumers Union and the California Public Interest Research Group prevented a non-stop love fest. The groups, neither of whom participated extensively in the negotiations said the bill forced ratepayers to foot too much of the bill for paying off bad investments in nuclear power.

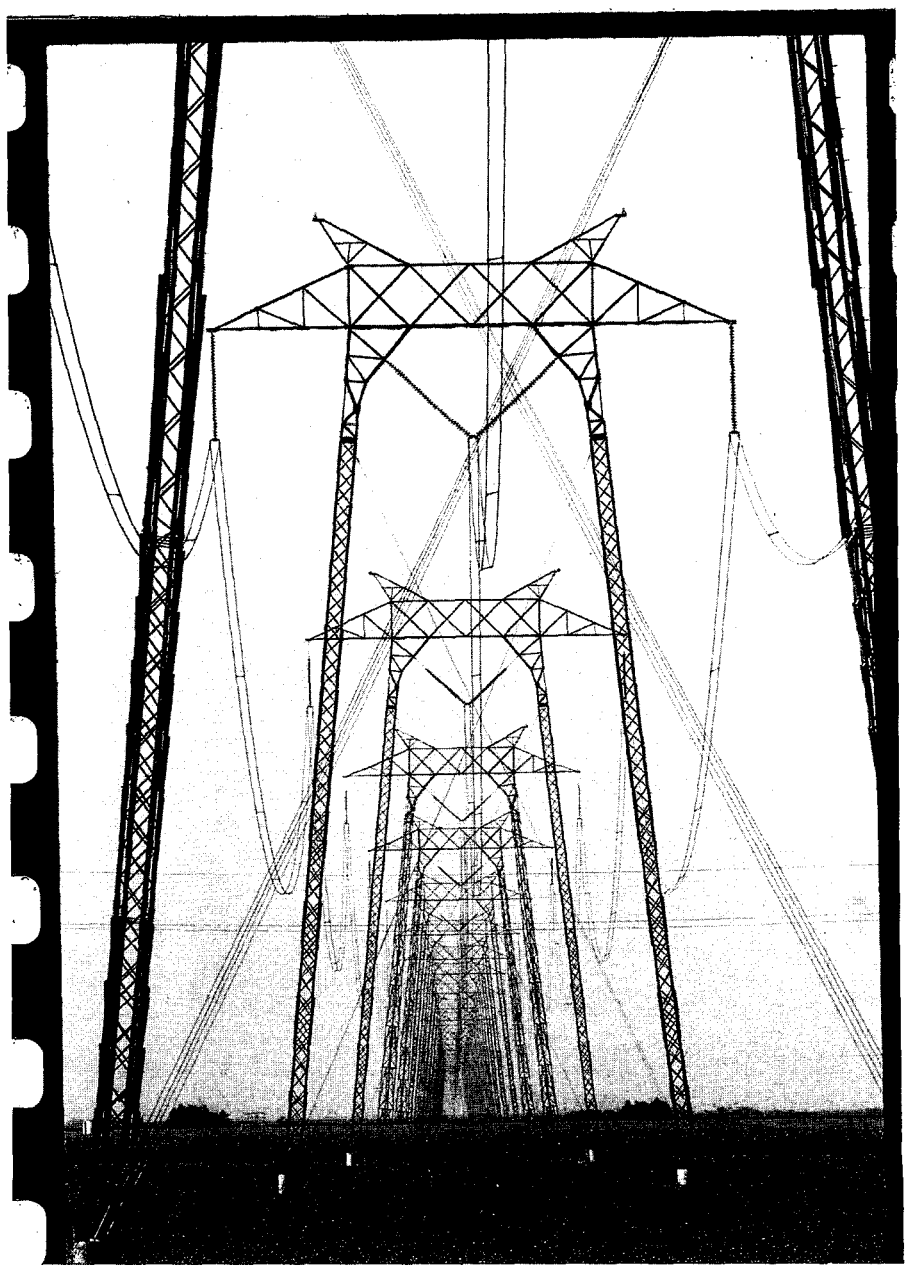
"It's a great deal for investor-owned utilities, it's a great deal for their shareholders, and it's a great deal for large industrials," said CalPIRG's Ed Maschke. "Consumers didn't get anything."

So how will these hundred pages of legislative text change the way power is provided? In explaining the difference between what we have now and what we will have, it's important to first understand how it all looks from the electron's perspective. Among all commodities that are bought or sold in this wide world, electricity is unique in that it is manufactured in an instant, and consumed in almost the same instant. Although it all happens at the speed of light, a three-step process takes those electrons from creation to consumption. Those three steps — generation, transmission, and distribution — all will be affected in one way or another by AB 1890.

• *Generation.* Power generation — the creation of electricity by power plants and so forth — is the only area which can be said to have been truly deregulated by AB 1890. In the new power structure, the generation market will essentially be wide open. Power producers ranging from huge hydroelectric plants to small cogeneration providers will have the ability to market their power directly to end users, and those end users will be able to price shop for the cheapest electrons they can find. Those who wish to may also bid to supply power to the utilities themselves through an independent electricity commodities exchange — the Power Exchange. Power producers bid against each other for the right to provide the hour-to-hour electricity needs of the exchange's buyers, consisting of utilities and any brokers representing end users. Investor-owned utilities will be required to bid all of the power they produce through the Power Exchange, and buy all of their power from it, and most other utilities and providers are expected to join.

• *Transmission.* Transmission lines connect power sources with local utilities through an elaborate interlocking power grid. In the new world, all electricity transmission within California will be the responsibility of a single power management system, known as the Independent System Operator. The ISO, as it is called, is essentially the clearinghouse, ensuring that the myriad financial arrangements made within and outside of the Power Exchange are efficiently met, and the power gets where it's supposed to go. The ISO, which will be regulated by the Federal Electricity Regulatory Commission, will also be responsible for making sure that the transmission system in California is reliable enough to avoid massive outages like the one which struck much of the West earlier this summer.

• *Distribution.* The process by which power gets from the electric company to each individual user, distribution is the one area which still will remain strictly regulated. Utilities will continue to own and operate their respective distribution networks. To the extent that independent arrangements impact distribution, it will likely happen through the leasing of distribution lines from the local utility. "Some of that hardwire stuff is going to remain fairly monopolistic," suggested Doug Long, a staff manager for the PUC.



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So this is how the power will get from "Point A" to "Point B." But what will become of the entities currently enjoying the monopolies? They'll change. Most observers believe the investor-owned utilities will back out of the power generation business, either by selling their plants or by spinning them off into unregulated subsidiaries. Some may seek to build new plants in other countries, but it is more likely the utilities will focus most of their attention on how to make themselves more attractive as electricity middlemen.

"You probably won't see any more big power plants," predicted PG&E spokesman Bill Sessa. "Instead, utilities will probably focus on the kinds of services they provide to customers."

Alternative energy providers will also experience culture shock. Rather than enjoying the ongoing subsidy of mandated investment, these providers will get a collective one-time subsidy of $540 million. At the end of five years, they'll have to be compete, just like everyone else. Far from being put off by this weaning process, many environmentalists see the legislation as their best opportunity to prove their point about renewable energy.

"We were at risk of losing the accumulated California record on [environmentally-friendly energy]," said Ralph Cavanagh with the Environmental Defense Fund. "This re-establishes the momentum by providing a firm basis for funding which allows us to sustain and continue our development."

What about municipal utility districts, whose customers have traditionally enjoyed lower rates than those in investor-owned utilities? For them, the challenge is not only that of losing large customers to direct-access providers, but also of losing smaller customers to newly competitive investor-owned utilities. Although their participation is voluntary, most "munis" are likely to take part, since doing so will help them pay off their own stranded costs.

"There's no downside as long as the rules are developed fairly," said Jerry Jordan, director of the California Municipal Utilities Association. "We've all been talking about concepts up until now. The details are extremely important."

So how will it all look to Mr. and Ms. Ratepayer, most of whom probably never knew there was anything that needed to be fixed to begin with? Well, the actual effect of the legislation will likely depend on how many numbers there are to the left of the decimal point on a ratepayer's electric bill. If the monthly bill runs in the tens or hundreds of

Power Politics

Key Provisions of the electricity deregulation legislation as passed by the Legislature and signed by Governor Pete Wilson.

• **Direct Access:** Permits electricity users to negotiate with, and purchase power from, the power source, bypassing the local utility if they can get a better rate elsewhere. The transition to full competition would take five years, during which existing providers would be helped to become more competitive.

• **Transition Costs:** Investor-owned and participating public utilities would be authorized to speed up their payoff of $28 billion worth of uneconomical assets, known as "stranded costs." These costs would be billed to ratepayers, but the total would be capped. Those opting out of their utilities would still be obliged to pay their share of the stranded costs.

• **Power Exchange:** Creates an independent Power Exchange, matching up buyers and sellers of electricity. Power would be sold on a spot-price basis, with hour-to-hour price updates based on supply and demand at the time. Most wholesale and retail power would be bought through the exchange.

• **Independent System Operator:** Another independent entity, the ISO will manage transmission of the newly-deregulated energy to insure that it gets where it's supposed to go reliably and safely.

• **Public Programs:** Provides $540 million to support renewable energy, conservation, and services for low-income ratepayers. Utilities would no longer be mandated to receive any portion of their power from renewables.

• **Consumer Protection:** Includes so-called "anti-slamming" provisions which prevent abusive marketing practices. Third-party verification is required before anyone's electrical service can be switched.

• **Rate Reductions:** Mandates an immediate 10 percent reduction in residential and small-business rates. Further indicates that, by 2002, the aggregate rate cut seen by residential and small-business customers will be "no less than 20 percent." No specific rate cut for large customers is mandated, but most see savings of up to 30 percent.

—Steve Scott

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thousands, the new world looks very bright indeed. Freed from the shackles of their local utility, manufacturers can use their inherent purchasing power to negotiate the best rate. Savings could run in the millions for a large manufacturer. One estimate put the annual savings to California schools at more than $200 million.

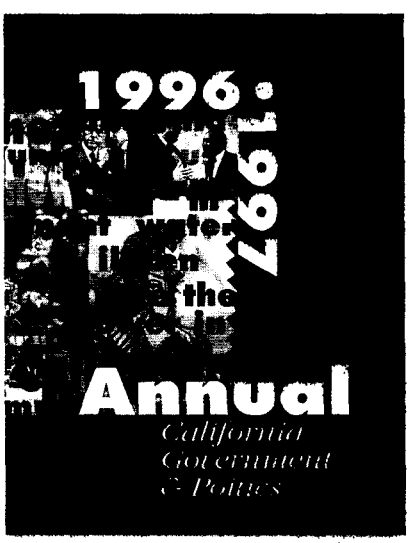
"This is a significant competitive issue for California manufacturers," said D.J. Smith. "Since workers' compensation reform, this has been more important [to manufacturers] than any single issue."

For those with smaller bills, like the $60 monthly electric bill the average utility customer pays, the long-term effect is difficult to gauge or, according to some, even see. Supporters of the legislation concede that finding a way to make deregulation work for small consumers was a tougher nut to crack, a major impetus for the mandatory up-front 10 percent rate cut. Critics of the deregulation warn, however, that the rate cut is transitory, since it is financed by the issuance of bonds which will ultimately have to be paid back in higher rates. "Who's going to pay back those bonds?" asked CalPIRG's Maschke. "Those costs aren't going away."

And what about customer choice? Will power providers follow in the mold of long-distance providers in aggressively competing with each other on a house-by-house basis? The general consensus is that it won't happen, at least not the same way. While swtiching long-distance providers is as easy as pushing a computer key somewhere, changing utility providers involves changing meters, rerouting power, and possibly even installing new power lines. At best, residential customers may find themselves choosing from a small group of "aggregators," who will pool their business with other customers to provide enough market clout to compete for wholesale pricing. In agricultural areas, these could include irrigation districts, which will have an easier time becoming power providers under the new legislation. In most cases, these aggregators will be the existing utilities.

Rather than price competition, providers will likely compete over the kinds of services they offer. Incentives will be offered for conservation and off-peak usage, and customers will be given a host of other mechanisms to help keep their costs down. Here again, utilities have the edge, especially municipal utilities for whom conservation already figures heavily as a supply mechanism, but other players should learn quickly. "It's a mistake to look at this as just a utility game," said Jordan.

Of course, all of these grand predictions depend on what happens over the next five years. The PUC and the Federal Electricity Regulatory Commission. still have considerable say over how the Power Exchange and Independent System Operator will work, and how many providers will be allowed into the system. The PUC will also be responsible for identifying just which costs come under the "stranded costs" rubric, which would allow them to be covered under the bill's bailout provision. And there are still all those electricity buyers and sellers out there poised to make a killing in the newly competitive market. Each will have an interest in trying to cook the regulatory process their way during the transition period. Ultimately, there are still a host of decisions to be made before anyone can determine whether the end result resembles the model constructed this fall by the Legislature.



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The Bottom Line
government finance

by Susan Rasky

The local-funding mess

All of Gaul, as Julius Caesar observed, was divided into three parts. All of California, for reasons that defy even the most perverse logic, is divided into 58 counties, 470 cities, 385 redevelopment agencies, 1067 school districts, 71 community college districts and 4930 special revenue districts. In other words, nearly 7000 different local governmental jurisdictions, many of them overlapping, provide widely varying services to their residents through some combination of miscellaneous fees and local taxes, sales taxes, property taxes and outright fund transfers from other local entities, the state or the federal government.

Explaining — in some detail — how this convoluted system evolved and how it now functions perhaps should be a qualifying requirement for any candidate seeking office in the state. Figuring out how to begin dismantling it — particularly in the face of increasing disparities in local revenue allocation, cutbacks in local services, growing turmoil in local jails and trial courts and major new responsibilities for counties under welfare reform — should be the top priority for Governor Pete Wilson and the Legislature when the new session begins.

The opportunity, or necessity, for action will come quickly enough. Legislation that would have guaranteed state financing for expansion of trial courts and given counties a share of the fines courts collect died in the final hours of this year's session in a senseless dispute over collective-bargaining rights for court employees. The state's chief justice has warned of chaos in the court system and disaster for county finances if the situation is not corrected.

Clearly, some of the knots in California's tangled fiscal arrangements are more Gordian than others. Many of the miscellaneous fees and special revenue districts are the direct result of local efforts to overcome (or circumvent) the effects of property tax limitations imposed under Proposition 13. Much of the complexity (and chicanery) in the state budget and revenue allocation process arises from the school funding requirements established by Proposition 98. Nobody, save the tortured souls who served on the Constitutional Revision Commission, talks seriously about even tinkering with those two measures.

But there are other fiscal and structural changes that seem ripe for consideration. Why 58 counties? Why not 12 or 32? Why not abolish them altogether except as providers of local services to unincorporated areas? Why maintain a property tax allocation system based on formulas now almost 20 years out of date? Why not get the state out of the property tax allocation loop entirely and let local governments determine how the property taxes collected within their jurisdictions are to be divided?

Once upon a time — which is to say in the first year of his first term — an activist and engaged Pete Wilson talked about a grand realignment of state and local responsibilities and finances. Earthquake, fire, flood, recession and assorted state budget crises sidetracked that kind of comprehensive overhaul between 1991 and 1994 and also provided a handy excuse for the state to filch what now amounts to about $3.6 billion a year in property tax revenue from counties, cities, redevelopment agencies and special districts and shift it to schools.

But with the state economy now flush and the forces of nature for the moment at bay, it has become harder and harder for the Legislature to justify balancing the budget on the backs of the counties, which took the biggest hit in the property tax shift. It has also become more and more awkward for a lame-duck governor to explain his virtual abandonment of policy leadership on the broader realignment issue. Perhaps he wagers that history will be kind enough to judge him only on whether he kept the state books balanced. Maybe he just got bored.

Administration officials call that assessment unfair, pointing to yearly budget proposals — some approved, others consigned to legislative oblivion — that the governor has initiated to relieve counties of assorted state mandates, particularly for general assistance welfare grants, or to augment funds for local law enforcement activities.

At best, however, those proposals are a piecemeal approach to what the Legislative Analyst's Office correctly describes as the fundamental problem: State policy choices govern the majority of county expenditures, while constitutional and statutory provisions limit the ability of counties to raise revenues. Providing what seems to be the only consistent voice in Sacramento for reforms that would go to the heart of the state-local tug of war, the Legislative Analyst has argued for some sensible short-term adjustments, chief among them total state control of the general assistance program and partial reversal of the property tax shift so that local governments could share in the growth of property tax revenues.

The Legislature approved a version of the latter proposal only to have it vetoed by Wilson. In his veto message, the governor, of all people, argued that it would be inappropriate to approve a piecemeal approach to local government financing reform. A comprehensive approach, he said, should be considered next year as part of the budget process.

We'll be watching.

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Whither Welfare Reform

Congress' sweeping overhaul of welfare has left state and county governments arguing over who's in control and what will become of those left out of the new law

by Sigrid Bathen

In the baffling, statistics-laden jargon of welfare reform, numbers and categories tend to obscure the people behind them — in California, hundreds of thousands of people, many of them children, the aged and disabled. They get lost in the numbers and categories, and most especially in the stereotype of welfare recipients as being largely unwilling to work.

"I play this out in my class on Child Rights and Remedies," says University of California, San Diego law professor Robert Fellmeth, executive director of the prestigious Children's Advocacy Institute. "I ask them to guess the average age of the typical welfare recipient, and they say 19. Actually, it's 29. The picture is of a minority recipient. The reality is that AFDC [Aid to Families with Dependent Children] recipients are predominantly Caucasian...The stereotype is of a black, 18-year-old teen mother having sex with everyone she can, and I'm this white middle-class person who is supposed to finance it. That's the stereotype. Heaven forbid that reality should intrude."

Supporters of radical welfare reform dismiss advocates like Fellmeth as defenders of a broken status quo. Clearly, it was not his version of reality which was on the minds of Congress and President Bill Clinton in this election year when they approved House Resolution 3734 — The Personal Responsibility and Work Opportunity Reconciliation Act of 1996. As a result, state and county officials are gearing up for the most fundamental changes in federal welfare policies in six decades. The New Deal-era system of federal "entitlements" will end under the sweeping

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Woman from San Luis Potosi with her daughter born in the U.S. in their home, Northern San Diego County. Photo © Ken Light

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legislation, replaced by a system of "block grants" to states, which then, at least theoretically, will design their own programs within strict federal guidelines. Welfare recipients will be expected to work, and aid will not continue indefinitely. With some exceptions, legal immigrants would lose aid under the federal law.

While many children's advocates predict sharp increases in child hunger, poverty and abuse — as well as general increases in crime, drug abuse and homelessness — under the federal law, state and county officials are scrambling to interpret the 500-page law. And California's counties, already reeling from growing budget deficits and other fiscal calamities, say they have been consulted too little and too late, when the ultimate responsibility for implementing and enforcing the changes rests squarely on their crumbling doorsteps.

"This administration typically spends a lot of time behind closed doors, shades drawn, to assess their options and develop the governor's positions," said Frank Mecca, executive director of the California Welfare Directors Association. "Time is wasted when the administration talks only to itself."

California Social Services Director Eloise Anderson, who held a long-awaited news conference the 9th of October to announce that a preliminary state plan had been submitted to the federal government, says in her typically blunt way that the "third-world" conditions predicted by advocacy groups, already exist — and that they will exist as long as the 60-year-old welfare system is allowed to continue as it has. Anderson insists counties had been consulted in the process and would be consulted further. "They say they weren't heard," she said. "But if we don't do what they tell us to do, does that mean they weren't in the process? They only have a county perspective — we have to look at it across the board, statewide."

Counties will be included in the "public input" process in a series of hearings to be chaired around the state by state Health and Welfare Agency Secretary Sandra Smoley, a former Sacramento County supervisor. The preliminary plan — submitted in part to save the state nearly $200 million in federal funds — includes a 4.9 percent decrease in AFDC (9.8 percent in regions with lower costs of living), which becomes the "Temporary Assistance for Needy Families" (TANF) program under the new federal block grant system. The grant cuts will be effective January 1st. As a result of the federal savings, Anderson said, the state will increase funding for California's GAIN (Greater Avenues to Independence) welfare-to-work program by $60 million, plus $28 million already appropriated by the Legislature.

The state plan affects only AFDC/TANF recipients — the bulk of recipients in California — and specifically does not implement the controversial cuts in aid to legal immigrants. Anderson declined to elaborate on the state response to planned cuts in federal aid for the aged and disabled who are legal citizens — an arena of considerable controversy at the local level — but said the issue is "not a factor" in AFDC/TANF at this point. "The Legislature is going to have to decide whether they pay for non-citizens," she said.

The state plan is clearly not enough for counties, who say they still lack any clear direction from the state nearly three months after the bill was signed by the president. Welfare directors, legal services and community groups remain especially troubled about the impact of the new law on legal immigrants — a provision which the state legislative analyst said will cost California millions of dollars in federal aid — and are pressing to have those aspects of the law ameliorated or repealed.

"We have many people who have been in this country 20, 40, even 50 years," said Kathy Gallagher, chief administrative officer for the Santa Clara County Social Services Agency. "They are 70 or 80 or 90 and they will lose their SSI [supplemental security income], their food stamps and Medicaid as well as in-home support services. It is very confusing to them."

"These are often people whom we have invited into our country," says Ernest Velasquez, director of social services for Fresno County. "They are legal immigrants who fought by our side in wartime, who came to this country and have worked and paid taxes. And now they find themselves ineligible for benefits."

In Fresno County, Velasquez cites the case of a 60-year-old widow who emigrated from Mexico with her husband decades ago and who lost a son in Vietnam. "She hasn't worked the required 10 years [to qualify for aid under the new law] because her husband was working, and she was raising the children," says Velasquez. "So now she finds herself being denied SSI. The fact that she lost a son in Vietnam in 1969 means nothing."

The number of legal immigrants receiving aid in California varies. DSS officials place the number of legal immigrants receiving food stamps at more than 400,000. More than 300,000 aged, blind and disabled legal immigrants

We have many people who have been in this country 20, 40, even 50 years. They are 70 or 80 or 90 and they will lose their SSI, their food stamps and Medicaid as well as in-home support services. It is very confusing to them. — Kathy Gallagher, chief administrative officer for the Santa Clara County Social Services Agency.

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Field Laborers. Coachella Valley, California, 1935. Photo by Dorothea Lange. Courtesy of the Oakland Museum.

receive SSI/SSP (federal Supplemental Security Income and state Supplementary Payment), and state officials estimate that many will be granted exemptions under provisions of the new law — or will have obtained citizenship by the time it takes effect. They estimate, however, that more than 170,000 will no longer qualify for SSI/SSP. Nearly 40,000 legal immigrants receive In-Home Support Services (IHSS), and nearly 400,000 receive AFDC, now TANF. The vast majority of all recipients in California — nearly 2.7 million in fiscal 1995-96 — receive AFDC, and more than 1.7 million of those AFDC recipients are children.

Although Anderson has said she would prefer to leave much of the implementation strategy to the counties, county officials are skeptical. Some sources close to the controversy say Anderson was chastised for some of her public comments by the Wilson administration. "It is my understanding that she had her wrist slapped," said one well-placed source. "The [Health and Welfare] agency has taken over primary responsibility for welfare." The governor's office, the agency and Anderson herself flatly deny those allegations.

"Nobody has told me not to give more control to the counties," she said, adding that reports of disagreements between her and the Wilson administration over strategy and public statements are exaggerated or untrue. "The governor and I are as close as two different people can get who have had different life experiences," she said. "He's had the good fortune to have me and him and his staff in a room grap-

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pling with the issues. They're used to a director being very cautious. I'm cautious, and I'm part of the team."

Presenting further reform strategies to the Legislature will be problematic at best, although Anderson said legislators "do by and large pay attention to what we've laid on the table" — although many, especially Democrats, "wish I would drop dead." She said reforms must be based not on the original premise of AFDC that moms belong at home but on current social and economic realities.

"The larger question is about work," she said. "The old AFDC program wanted moms to stay home" — a social premise with considerable support among conservative legislators and one she said will be difficult to change. "You're talking about going into the devil's workshop," she said. "This is really harder than people admit."

The initial state planning process which so angered county governments was lengthy — and essentially closed — in order to pursue a careful, deliberative review of the complex federal law, officials contend. Although about half the states submitted plans before California, state officials say the state's diversity and size made the task more difficult. "We have many more populations with special needs, many more immigrants," said Health and Welfare Agency spokeswoman Janice Ploeger-Glaab.

Advocacy and legal services groups acknowledge the difficulty of coming up with a workable plan, but have been highly critical of the closed-door way the state they say went about it. "Determining who is exempt [from the new law] is a complex test," says Casey McKeever, directing attorney of the Western Center on Law and Poverty. "I don't see the counties getting any help from the state or federal government. A lot of people are doing work, trying to figure out what to do. The immensity of the task is overwhelming."

State officials, admittedly overwhelmed by the process, say they are being targeted unfairly. "People have to decide what they want to criticize us

New Responsibilities, New Rules

The 500-page federal welfare bill is a complex document with many provisions. Here are a few of the major provisions, and the state's responsibility for implementing them:

Title I: Block Grants for Temporary Assistance for Needy Families (TANF)

- Eliminates Aid to Families with Dependent Children (AFDC) and consolidates federal funding for AFDC and related programs (such as job training) into a TANF block grant.

- The state must implement the block grant by July 1, 1997, but can do so sooner upon submission of a revised state plan. The date is important because it triggers the beginning of the five-year time limit for assistance.

- Prohibits use of block grant funds for teen parents under age 18 unless they are (1) attending school and (2) living in an adult-supervised setting.

- Establishes five-year lifetime limit on family use of block grant funds. States may exempt up to 20 percent for hardship.

- Requires at least one adult in a family that has been receiving aid for more than two years to participate in "work activities," including employment, on-the-job and vocational training and up to six weeks of job search.

- Requires 75 percent of two-parent families to participate in work activities in fiscal year 1997-98, increasing to 90 per cent in 1999. Single parents must work 20 hours per week in 97-98, increasing to 30 hours in the year 2,000, or 20 hours for families with a child under age six.

- Imposes penalties on states for noncompliance.

Title II: Supplemental Security Income

- Eliminates benefits to children who are "relatively less disabled." Currently, children may be eligible if an impairment exists that precludes them from "age-appropriate" activities.

- Eliminates SSI payments to prison inmates incarcerated for more than 30 days.

Title IV: Restricting Benefits for Non-citizens

- Legal immigrants already in the U.S. ineligible for SSI and food stamps. States have the option to deny benefits under TANF and Medicaid. Legal immigrants arriving after enactment ineligible for all federal benefits for five years.

- Exceptions include certain child nutrition and education programs, veterans and their dependents, refugees and asylum-seekers within the first five years of residency and persons who have worked for 40 quarters, or 10 years.

- Programs exempted include emergency medical services, noncash disaster relief, treatment for communicable diseases, immunizations and soup kitchens.

Titles III, VI, VII and VIII affect child support enforcement, child care, child nutrition programs, food stamps and commodity distribution.

Source: California Legislative Analyst

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for," said Burt Cohen, who as the agency's assistant secretary for program and fiscal affairs is the principal point person on the California plan. "On the one hand, I'm hearing it's a closed process. Then I hear we're not doing anything. We're trying to proceed in an orderly and systematic way. We particularly want to avoid the kind of situation [that occurred] with food stamps."

When Governor Wilson attempted in September to implement a major aspect of the new law — cutting off food stamps for legal immigrants — he not only met with a firestorm of criticism, but a terse notification from the federal government that his action was precipitous and unnecessary, and he angrily rescinded it with a blast at federal officials for sending mixed signals. The incident pointed up the horrendous bureaucratic snafus which can be expected under the new law, which carries with it a series of mandates — and timelines — to remove legal immigrants from aid programs and to transition citizen recipients to jobs.

Legal services groups are watching the bureaucratic drama closely and say they will take legal action if and when aid is actually cut, particularly to legal immigrants. They say the federal law is rife with contradictions, drafting flaws, and seriously in need of clarification on many fronts — not the least of which is the glaring administrative and social services nightmare confronting California, with its huge immigrant population. On October 15th, the American Civil Liberties Union and Mexican-American Legal Defense and Education Fund sought a temporary restraining order to prevent the state from denying prenatal care to undocumented aliens; on October 16th, several legal service groups filed suit to block denial of food stamp benefits to legal immigrants.

"There is no question there will be litigation," says Lucy Quacinella, staff attorney for the Western Center on Law and Poverty. "Ideally, we would like to stop implementation of the federal welfare bill. But you don't get restraining orders unless there is danger of imminent harm. At the moment benefits are cut off, we'll be there."

Nobody on any side of the welfare controversy is saying that welfare reform isn't needed, but many experts question the approach taken and contend election-year posturing permeates the legislation. They say President Clinton, harshly criticized by children's advocacy groups that formerly supported him — and by members of his own party — was pressured into signing a poorly designed and draconian measure in order to placate conservative voters.

"Clinton has moved as far as he can to the right in order to capture everything he can to his left," says Fellmeth. "They'll vote for him, and he'll moderate all the excessive provisions. But he can't rectify this. He has committed a very terrible error. He cannot bring back what he has given away, which are the entitlements, some kind of minimum floor. Mark my words, this really is going to be his Vietnam."

"We needed some changes, and I think we've been going in the right direction" says Fresno's Velasquez. "We needed some precise surgery, but Congress went out and grabbed a chain saw."

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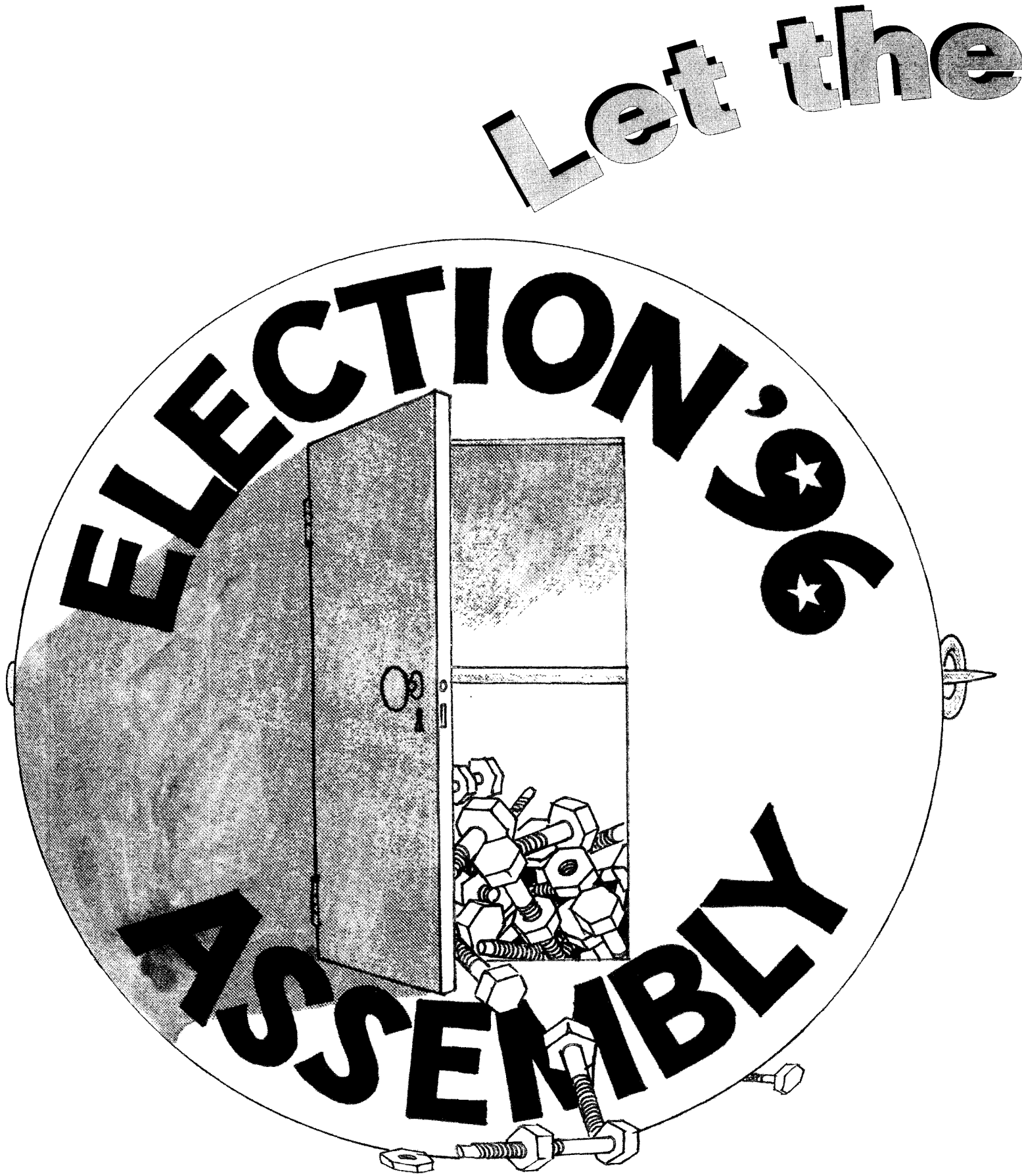

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Games People Play

California Journal looks at how consultants react inside a simulated campaign

by John Borland

The campaign unfolding on the next few pages never happened. The candidates don't exist. The district is demographically identical to an actual Assembly district, although names and recent events have been changed.

The campaign consultants are real, however. California Journal *asked Democrat Gale Kaufman and Republicans Ray McNally and Richard Temple, consultants with considerable experience in state races, to manage a simulated campaign, react to plausible setbacks and explain what they would do in a real contest and why. While we don't have room to detail the consultants' every decision, we hope the result provides some insight into what happens behind closed doors in the frantic weeks leading up to Election Day.*

Demographic information on the district was provided by Campaign Data Center's Campaign Wargames software.

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Michael Carreras Wilson - D

A charismatic 45-year-old Los Angeles deputy district attorney, Wilson is best known for his recent successful prosecution of the "Seaside rapist," many of whose victims lived in the Cascade area. A native of El Paso, Texas, he spent several years in the San Francisco federal public defender's office before becoming a prosecutor in 1991.

He blames the pressures of the defenders' office for the decay of his first marriage, which ended in divorce several years after he finished law school. He remarried 12 years ago, and now has a 10-year-old son and a seven-year-old daughter.

He has no electoral political experience, but has been active in Los Angeles Democratic politics for several years. He moved into the Assembly district two years ago. His work in the prosecutor's office has won him friends across Los Angeles government, and recent high-profile cases have introduced him into Hollywood circles. But, like many prosecutors, he has helped plea-bargain some criminals, including gang members, back onto the streets.

Wilson strikes liberal poses on most issues, opposing the federal welfare reforms, Propositions 209 and 187, and advocating strong pro-choice and environmentalist positions. He says he reluctantly supports the death penalty, but has publicly opposed it in the past.

Gaie Kaufman of Kaufman Campaign Consulting

The District:

On the smoggy Southern California coast, a few miles south of Los Angeles, lies a district crucial to both parties' dreams of Assembly control. Currently represented by Democrat Sandra Killarney, the district has been a rat's nest of political intrigue since the incumbent's decision to run for state Senate late last year. Registration is almost even — 40.6 percent Republican and 41.8 percent Democratic as of May — giving both parties a good shot at a win.

Drawn as a GOP-leaning seat in 1991, the district's political memory is dominated by a disastrous 1992 Republican campaign, in which Killarney edged out a hard-right anti-abortion activist. The GOP missed again in '94, failing to field a serious challenger, but Killarney still only barely cracked 50 percent of the vote. This year, the district is at the top of Republicans' priority list.

Democrats had a quiet primary this year. Killarney endorsed Michael Carreras Wilson, a charismatic Los Angeles deputy district attorney, early in the race, clearing the field of all serious competitors. Wilson mounted only a skeletal campaign and cruised to the nomination.

Republican voters, by contrast, were treated to electoral fireworks. Two-term Cascade City Councilwoman Sharon Richmond faced off against wealthy supermarket heir Joseph Terrell. Terrell had been recruited and endorsed by Sacramento Republicans and was viewed as the front runner, but the hard-working Richmond squeaked out a victory despite being considerably outspent. Her campaign was harshly negative, and Terrell refused to endorse her after his loss.

Enter the consultants: For Richmond, GOP specialists Ray McNally and Richard Temple; for Wilson, Gale Kaufman, one-time strategist for the Assembly Democratic Caucus.

The Campaign:

Summer

A campaign's pre-Labor Day months are quiet, dedicated to researching the opponent and the campaign's own candidate's background, and to studying the district and its voters. Both sides draw up tentative budgets, based on the commitments or vague assurances of the respective Assembly caucus leaders, political action committees and the candidates' guesses about in-district fund-raising potential.

By late August, Richmond appears to have the brighter financial future, though each consultant can only guess at the other's budget. The Republican finished the primary some $50,000 in debt, but has close to $470,000 in strong commitments from Assembly Speaker Curt Pringle and an assortment of interest groups. Wilson's early financial estimates reach $370,000, but promises from the cash-strapped Democratic caucus are soft.

Both sides jump to do an early district poll. "Without a poll it's like trying to build a house without a blueprint," McNally says. They find that Richmond has an early 36 percent to 32 percent lead — but this appears to be an artifact of the Republican's more visible primary campaign, particularly in Cascade, the district's largest city. Wilson is stronger in the more Democratic northern part of the district.

As important to both sides as hard numbers are questions that test both candidates' generic strengths against each other, and that probe for weaknesses. "It doesn't do any good to fool yourself," Temple says. Both sides ask voters what issues concern them most, paying close attention to which demographic says what. As elsewhere, crime, education and the economy are high on everyone's list, though it varies by gender and party affiliation. Richmond's support is weak among GOP men, who are attracted by Wilson's crime-fighter image. But the pro-choice Republican clearly has potential among independent and even Democratic women.

McNally and Temple decide to target their own party's men first, seeking endorsements from former Governor George Dukemejian, Attorney General Dan Lungren and crime-victims groups. They hit GOP men's mailboxes early with a letter stressing the endorsements. A separate late-August letter goes to non-GOP women in Cascade citing Democrat Wilson's gang plea-bargains, unearthed by Republican opposition research.

With less financial security, Kaufman forgoes early mail. She opens a campaign office in the Democrat-leaning north district, and as August wanes, sets up phone banks targeting decline-to-state voters and Democratic women. "The major thing is we have to hold the Democrats," she notes. While she will try to find a universe of vulner-

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able Republicans, she sees the nearly 29,000 decline-to-state voters as providing the Democrat's most likely margin of victory.

September:

The consultants begin to pull themes out of poll results, opposition research, and their predictions about the others' strategies. McNally and Temple see Wilson as being vulnerable on crime and his lack of a history in the district. Richmond's long local pedigree suggests the initial slogan — "She Stands With Us" — which appears on lawn signs and in press releases. Kaufman also sees vulnerability in the short local history, and tries to shroud her candidate in local color. Signs proclaiming Wilson as "Cascade's Choice" appear in Richmon's home base.

Midway through September, the candidates' personalities begin to bleed heavily into campaign strategy. Wilson doesn't like walking precincts, so Kaufman pulls him off the street and sets him to work dialing for dollars. McNally, meanwhile, sees a problem in his candidate's unpolished technique in group settings and pulls Richmond out of as many early forums and endorsement sessions as practical.

At the of the month, both campaigns begin phoning and send mail to the district's absentee voters. "Democrats don't vote absentee much," Kaufman says. "But it's worth the risk since it's a small voter pool."

October:

The campaign heats up early in the month. Richmond holds a news conference surrounded by crime victims and police officers blasting Wilson for plea-bargaining known gang members, and underlining his liberal record as a one time public defender. A district-wide mailer repeats the charges.

Kaufman believes the Republicans' crime attack to be unrealistic, but organizes an immediate response. A press release announces an appearance with Los Angeles cops, victims groups, and the mother of one of the Seaside rapist's victims. "How Dare They?" is the theme of the day; speakers excoriate Richmond for questioning Wilson's crime credentials, and Wilson notes acerbically that Richmond refuses to vote to keep guns out of the hands of criminals.

But Wilson's real problems are the gathering financial storm clouds. Kaufman learns that Wilson's district fund raising has amounted to practically nil. The candidate shrugs this off, saying that is what fund raisers are for. Several days later Kaufman gets a telephone call from the Democratic caucus, saying that funds are stretched even more thinly than anticipated, and warning that Wilson may not receive the full $100,000 he had been promised.

Richmond's fund raising is booming. In-district, caucus and PAC money is coming in on schedule, and the consultants feel confident enough to turn back a $10,000 contribution from oil companies. Another offer of $50,000 from the deeply conservative California Independent Business PAC is declined — with the understanding that the funds will still be available at the end of the campaign if needed — in an effort to protect Richmond's image as a moderate.

Another Richmond press conference features anti-tax groups and underlines her fiscal responsibility. Two sets of two mailers go out in the first few weeks of the month. Non-Republicans get pieces again criticizing Wilson plea bargains, while Republicans' mail additionally notes Wilson's past flip-flop on support for the death penalty.

But luck swings Wilson's way in mid-October as several GOP Cascade council members, long at odds with Richmond, formally decide to endorse Wilson. Kaufman brings the group together in a Cascade press conference, primes them to decry Richmond's "smear campaign," and organizes a "Cascade for Wilson" day of precinct walking, moving outside the Democratic base for the first time. McNally and Temple adjust their phone bank and free media message to try to turn the issue to their side. The word "independence" begins appearing in literature, a direct pitch to the district's demonstrably independent voter pool.

By this time, both candidates have sketched out their candidate's mail strategy. Kaufman plans a core series of eight mailers, trying where possible to conserve on costs for the close. Several stress Wilson's local support, one featuring the Cascade officials saying Richmond can't be trusted. Wilson's base is targeted with a pro-choice, women-targeted letter, and a "take back the house" letter on Sierra Club letterhead. A further "How Dare They" piece reinforces his crime credentials, and a powerful appeal comes in a letter signed by

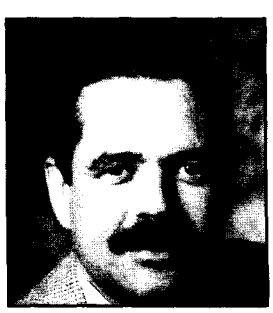
Sharon Richmond - R

A 50-year-old, two-term Cascade city councilwoman, Richmond has lived in the Cascade area for most of her life. She runs a medical supply company inherited from her husband, who died in a boating accident 15 years ago. She has raised their son alone since that time.

Her business career has been quietly profitable, aside from a brush with state fraud investigators, settled without fuss, close to 10 years ago. Her political career has been more stormy; she has opposed council majorities on several high-profile issues, including voting against a "Saturday night special" ban, a measure banning abortion clinic blockades — though she says she is pro-choice — and a local stadium measure. Her confrontational style of opposition has gained her some enemies.

Her primary only exacerbated local party tensions; she ran a sharply negative campaign, and bitterly criticized Sacramento legislators for endorsing her opponent.

Richmond is conservative, though she leans toward the social center with pro-choice rhetoric and support for child care funding as a part of welfare reform. She is a strong advocate for Governor Wilson's 15 percent tax cut proposals, and supports Proposition 209 and 1994's Proposition 187.



Ray McNally of McNally/ Temple Associates

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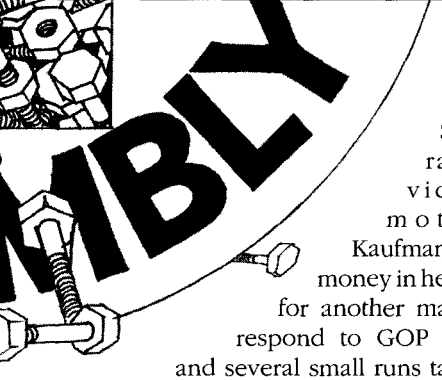


the Seaside rapist's victim's mother. Kaufman leaves money in her plans for another mailer to respond to GOP tactics, and several small runs targeted at decline-to-state voters and renters.

Late October 20th, McNally and Temple get a frantic call from Richmond, saying that a local television reporter has unearthed a report on a decade-old MediCal fraud investigation into her MedSupply company. Richmond had stonewalled the reporter, but the consultants tell her to call back quickly; her comments make it into the story, but in unconvincing sound-bite form. The campaign swings into damage-control mode; it faxes out a Department of Justice letter clearing Richmond, quickly drafts and sends a district-wide mailer detailing the facts, blaming Wilson for bringing up the issue, and attacking Wilson's credibility; and changes phone-bank scripts to mirror the mailer.

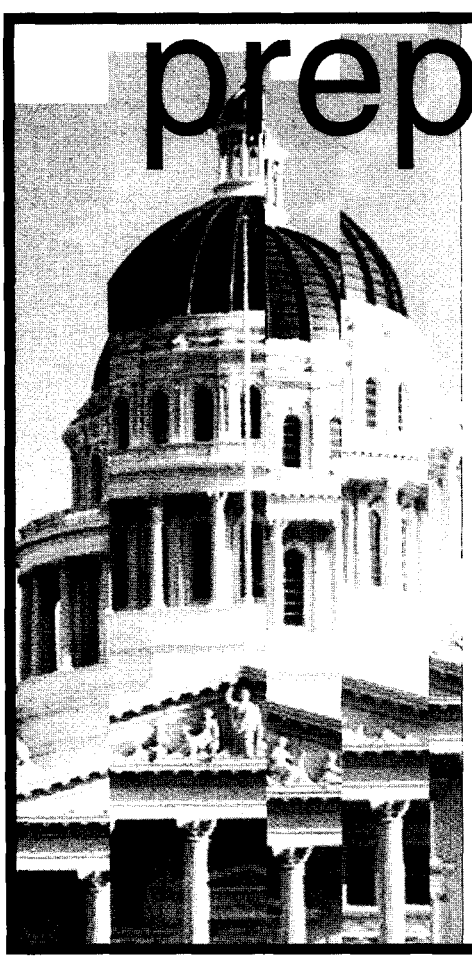
The television story runs, with teasers insinuating Richmond was criminally investigated. The *Cascade Reporter*, the district's biggest local paper, trumpets: "GOP CANDIDATE WAS TARGET OF FRAUD PROBE." The story itself is balanced and absolves Richmond of most blame, but not until several paragraphs down. Kaufman jumps on the story, reprinting the headline and the story on the back of several scheduled mailers, but Richmond's response mailer hits the streets first.

Several days after the MedSupply debacle, Richmond's third piece of bad luck strikes. McNally and Temple have told pro-gun groups that they don't want help, but a National Rifle Association-sponsored mailer hits the streets anyway. It echoes Richmond's own crime message, and congratulates the Republican for her support of gun owners. McNally and Temple organize a press conference in which Richmond, surrounded by cops and crime victims, details several of her pro-gun-control positions. She deflects any questions on the NRA piece, emphasizing her support for tougher sentences for felons who use a gun in a crime.

The issue feeds Kaufman's last mailer. She produces a piece blasting Richmond for capitulating to the "extremist gun lobby," citing the NRA letter and the Republican's votes against gun bans. She successfully lobbies a Los Angeles anti-handgun group to lend their name to the piece and subsidize a portion of its cost.

The Final Days:

The string of setbacks has triggered Richmond's big guns. On a joint October 23rd "Which Way, L.A." radio appearance, Wilson criticizes Richmond's business record. Richmond responds — as coached by her consultants — by angrily recalling the circumstances of Wilson's divorce. Since Wilson wants to bring up 15-year-past events, she says, voters should remember that Wilson left his wife while she was bedridden with pneumonia, and then failed to pay alimony consistently after the divorce. The actions go to the heart of Wilson's credibility, Richmond says. Wilson deflects the criticism on the



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show, but the GOP consultants put the information into harshly critical mail addressed to all district women. On the heels of earlier mailers from women prosecutors the hit goes right to Wilson's base.

Kaufman organizes a "Women's Day" event for Wilson, where he touts his pro-choice position and pro-choice endorsements. A photo of him surrounded by prominent district Democratic women is slated as an insert for the women-targeted mailer.

But the Republican campaign has hit its stride. With a steady stream of funds from the Assembly caucus, PACs, and a $75,000 loan from Richmond herself, the campaign has been sending mail almost daily since October 17th. Early installments criticize Wilson's plea bargains; others detail Wilson's liberal positions -- against Proposition 209 and 1994's Proposition 187, opposed to welfare reform, flip-flopped on death penalty and so on. The divorce issue doesn't hit mailboxes until the week before the election, but it hits hard. Late in October the *Los Angeles Times* gives Richmond its endorsement, citing the need for local government experience in the post-term limits era. The *Cascade Reporter* gives the nod to Wilson, noting Richmond's failure to do any kind of coalition-building on the City Council, and citing her opposition to a local stadium project supported by the city's business community.

As the month closes, most of both campaigns' mail has been printed and is waiting to be sent. Wilson's fund raising has bounced back with an infusion from the Latino caucus and a string of big-ticket checks from Hollywood.

Both campaigns pour their remaining resources into phone banking and precinct-walking, tailoring phone scripts to mirror their own mail and refute opposition charges. Pieces from both candidates hit narrowly targeted mailboxes every day the week before the election. With a little unexpected money, Kaufman sends a low-cost "telegram"-style letter to decline-to-state voters and Republican women, bashing Richmond for her NRA support, her ambiguous position on choice, and her failure to "protect our children from gun violence." The last Democratic piece to hit mailboxes is the moving letter from the rape victim's mother. The GOP pieces portraying Richmond as a staunch local independent and Wilson as an unreliable liberal hit daily, relentlessly.

By the close of the polls on election day, the Democrats have raised and spent nearly $475,000. The Republicans have spent about $50,000 more, without accepting the CIBPAC funds. Tracking polls taken near the first of the month show the race too close to call. But both campaigns are confident of victory. Kaufman has protected her candidate on crime, she says, and the attention paid to the decline-to-states, with a high Clinton-driven turnout, will carry Wilson over the top. McNally and Temple say Kaufman has run a "1980's style" Democratic campaign, relying too much on her base in an evenly split district. The divorce message would have undermined Wilson's credibility with women enough to give Richmond the win, they say.

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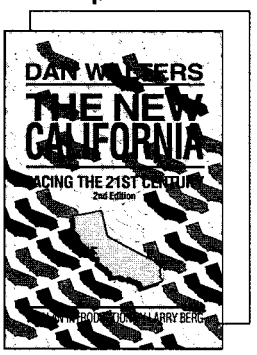

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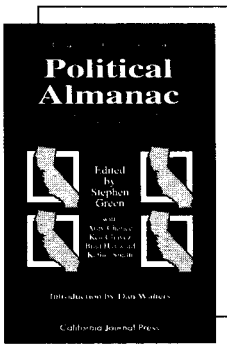

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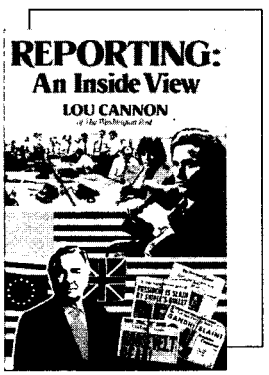

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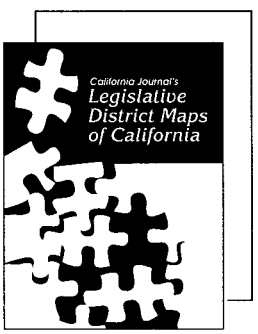

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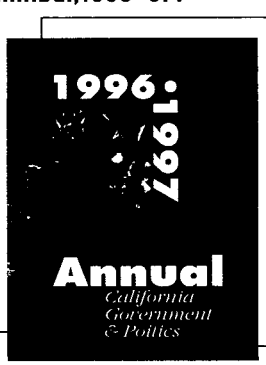

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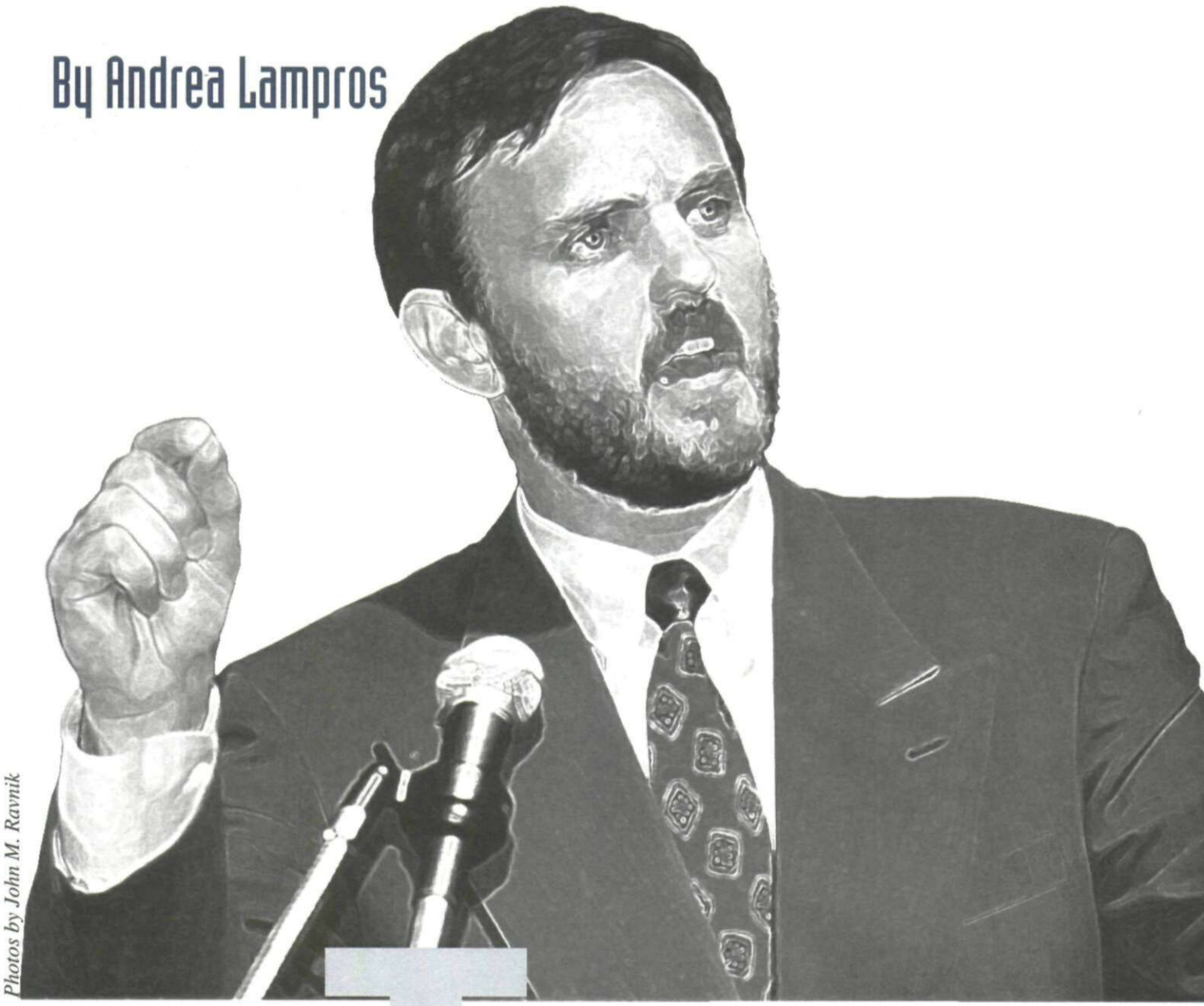
Labor's New Lightning Rod

The new head of the California Labor Federation faces two daunting tasks: replacing a legend and reviving a movement

By Andrea Lampros



Photos by John M. Ravnik

They are gathered in small knots across the street from the posh Lafayette Park Hotel — waiters, bus boys, maids, bellhops and assorted union activists — most of them tired and sweaty from a morning of marching and chanting *Si se puede*, "yes we can," in the sweltering sun. Their eyes are focused on the flatbed truck where they would

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soon hear from a man whose charge is nothing less than to lead California's labor movement boldly into the 21st century.

That man — 44-year-old Art Pulaski — paces as he waits his turn to speak from the truck bed. The newly-elected executive secretary-treasurer of the California Labor Federation is perhaps trying to remember what the Reverend Jesse Jackson told him earlier in the day about addressing a billingual crowd.

He needn't have fretted. Grabbing the microphone as his fair skin broiled in the sun, Pulaski roused the smallish crowd with the help of a spirited interpreter at his side. Gesturing angrily toward an East Bay hotel at the center of an organizing battle, Pulaski knew which buttons to push.

"Behind those pretty walls and nice paint there is a dirty secret," he bellowed. "You can't be a first class hotel if you have a third class heart and soul."

As Pulaski steps off the truck, to the applause of the rapidly dispersing crowd, there's an endearing uncertainty about him. He seems ready to ask, "How did I do?" Little wonder. Pulaski knows that this crowd, and many more like it, will be sizing him up over the next few months as he tries to fill the shoes of of one of the last lions of labor's glory days — retiring CLF secretary-treasurer Jack Henning. The 80-year-old Henning, who led the CLF for 26 years, announced his retirement in 1995.

Pulaski, Mooney and an admirer

Pulaski arrives on the scene at a time when the economy and the labor movement are in transition. With last year's election of John Sweeney to the AFL-CIO top national post, union activists are hoping to retrace a path to labor's glory days. Sweeney has pumped money and people into organizing drives, often among low-wage, immigrant workers. Labor's future, Sweeney says, rests on the ability to fashion a stronger movement that reflects the faces of a multiethnic workforce.

Pulaski, who proclaims himself more comfortable as an organizer than an orator, has a similar vision for California. He likes to say it comes down to just one word: power.

"The only way for us to be able to build a political structure, political clout, is for us not to rely on a party, not to rely on partisanship, not to rely only on the leadership, but to rely on our ability to get people elected and hold them accountable," Pulaski said. "We ought to be about making the labor movement the single most powerful entity in the state of California."

Pulaski's mission is daunting. At the moment, only 10 to 15 percent (depending on whom you ask) of California's workforce belongs to the unions. Some of the state's most politically powerful unions — the California Teachers Association and the California Correctional Peace Officers Association — are not even in the AFL-CIO fold.

Although high-profile campaigns among janitors, nurses and home health care workers are shaking up parts of the state, labor has been unable to make inroads among high-tech workers who make up a large portion of California's workforce. The Republican-controlled state Assembly has spent the last year proposing legislation to undercut labor's core issues: the eight-hour work day, overtime pay, worker safety and the prevailing wage. While the legislation failed in the Democrat-led Senate, aging labor leaders like Henning are seen by some as being out of touch with the complexities of a high-tech and service-based economy.

Nobody in the union movement wants to suggest that Henning is to blame for labor's eclipse in the state. But it is clear that California's union activists are looking to Pulaski to breathe new life into the movement and bring home a few trophies.

"Although I have great respect for Jack Henning, I do think Art will be able to bring more people together," said Bob Anderson, president of the San Mateo Labor Council. "In time, you will see a larger California Federation."

On the other side of the fence, business lobbyists also are gauging the potential power of Pulaski and new Federation president, Tom Rankin. Rankin, a former Minnesotan, was the main lobbyist for the California Labor Federation in Sacramento.

Willie Washington, a lobbyist who handles labor issues for the California Manufacturers Association, says labor has to learn to change with the times in order to keep California competitive. Business, he says, is going to renew the push for workplace deregulation and for legislation to recalculate the basis for overtime pay on a 40 hour work week.

"Art and Tom are out to prove themselves. They've got new energy and the euphoria of being elected," said Washington. "Just that alone is going to make them more formidable than what we've seen in the last few years. But the amount of energy doesn't mean any-

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thing if you can't count the votes."

Counting votes was Henning's specialty. The white-haired firebrand still strolls the halls of the Legislature, using his personal contacts to make his case. He even developed cordial relationships with adversaries like Governor Pete Wilson. Pulaski's approach is more grass-roots. While he hopes to put two or three more lobbyists in Sacramento, Pulaski's main focus is to create a team of 10 field organizers who will be strategically placed in the trenches throughout the state. Their objective will be to rally support of two million AFL-CIO members around the CLF's legislative and union organizing agenda. That agenda is the Federation's most visible role, since it exerts no direct authority over local labor councils or unions.

The strategy seems somewhat modest by comparison with labor's expensive national efforts. Part of that modesty is driven by finances — Pulaski's strongest allies acknowledge that the CLF operates on an extremely tight budget. Pulaski says the federation will try to boost its coffers by bringing more unions aboard and getting other locals to pay their full dues.

Henning refuses to compare himself to Pulaski. Although the 80-year-old leader still has an office at the federation, where he is working on a global unionism campaign, he says he is not going to be giving Pulaski advice.

"I don't believe in looking over my successor's shoulders," said Henning. "But we chat from time to time."

Except for a lonely ficus tree, an American flag, open boxes and pictures waiting to be hung, Pulaski's San Francisco office still is bare. The reason is simple enough—he's hardly ever there. He spends evenings at union fundraisers and several days a week, traversing the state to meet with local labor leaders. On Saturday afternoons, clad in blue jeans, he presses the flesh at union rallies and events, talking shop, patting shoulders, embracing union brethren with what seems to be a genuine warmth.

In other words, he's organizing.

So is his wife, Josie Mooney. On the Saturday Pulaski worked the crowd in Lafayette, Mooney, 47, was in San Francisco walking precincts for the AFL-CIO's Labor Neighbor campaign with the couple's children in tow. As the president of the San Francisco Labor Council and deputy director of the largest union in the Bay Area, the Service Employees International Union (SEIU) Local 790, Mooney's schedule is as hectic as her husband's. The *San Francisco Examiner* recently characterized Pulaski and Mooney as "one of the most powerful husband and wife teams in the history of the American labor movement." It's a catch phrase they despise.

"That's not what our relationship is about," said Mooney. "Our commitment is about each other and a shared vision for what we want for our children and other people's children."

Mooney says she and her husband are just normal working people who are lucky enough to be doing what they love. One of them has to bring the children — Erin, 12, Katie, 11 and Luke, 8 — to school by 8 a.m. and one of them tries to return home by 6:30 p.m. Often that means trading off responsibilities and foregoing time with each other.

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Pulaski and his predecessor, Jack Henning

The children apparently have already internalized bits and pieces of the labor movement. Pulaski recalls returning from the office one night a few years ago to see his children's toy trolls lined up on the banister at the family's home in Pacifica, holding tiny signs that said "Trolls on Strike" and "George Bush is a Bad president."

Mooney remembers that her son Luke was five when he pointed longingly to the grapes at the supermarket. She asked Luke if he knew why their family didn't buy grapes.

"We don't eat grapes because the government in South Africa doesn't treat their people too well," Luke said.

"No," said Mooney. "That's why we don't buy Shell gas."

When Henning took the helm of the California Labor Federation in 1970, Pulaski was still a teenager, working in his first union job as a stock boy at an A & P Supermarket in Stratford, Connecticut. His mother was a nurse and his father a drafter in a machine shop. After working his way through high school and college at Southern Connecticut State in New Haven, Pulaski was hired by the steelworkers union to organize its retired union members. He got his first trade union education from Steelworkers leader Earl Bester.

"This is Duluth, Minnesota," recalled Pulaski. "We were out in the freezing cold. We were going to some senior citizen rally and it was January or February. The guy had no gloves.

"Someone said, 'Earl, you've got no gloves' and he said, 'I'm from Duluth. I don't wear gloves.'"

Pulaski made his way to California

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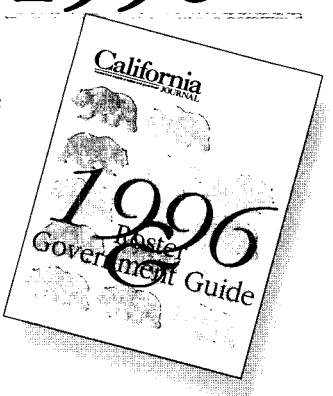

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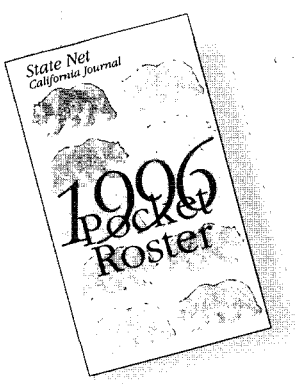

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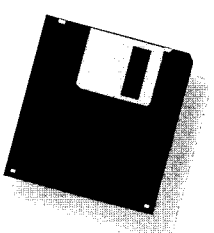

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in 1979, and it didn't take long for him to begin his climb up the labor ladder. In 1982, he married Mooney and not long after that became executive-secretary of the San Mateo Labor Council. "It's not rhetorical to say he believes in his heart that the people can leverage power from the bottom to the top," said Shelley Kessler, the interim director of the San Mateo Labor Council who worked at Pulaski's side for 11 years. "While he was here at the Council, Art did whatever he asked anyone else to do. He sat down at the computer, he stuffed envelopes."

His colleagues cite Palcare, a non-profit child care center in Burlingame, as one of Pulaski's major achievements during 12 years at San Mateo. Pulaski is credited with bringing diverse constituencies, including labor unions, airline management and residents, into the project that now serves 250 families, day and night. Kessler says working with Pulaski is like walking with someone who walks faster than you.

"He's going to have a hard time with people who don't have a commitment level that he does," said Kessler. "He can be the best and the worst in the campaign because he wants to do the ultimate in every facet. And the worst is if you can't keep up."

Pulaski became known statewide during the fight over NAFTA in 1993 where he went head to head with some longtime Democratic allies, including Representative Anna Eshoo in the 14th Congressional District. Despite a lot of labor bluster about punishing Congressional Democrats who voted for the treaty, the threats proved hollow.

Pulaski still talks tough. "I tell you, if I had to do it over, I would do it harder," he said. "We were absolutely guided by being right. And when you're right, you fight like hell. And that's the obligation that we have as leaders of people who are out there struggling."

Simply by virtue of his age, Pulaski represents a new generation of labor leaders. With a cellular phone, pager and laptop, he's personally dialed into the '90s. One of his biggest administrative chores will be trying to do the same for the outmoded infrastructure of the state federation.

But Pulaski is also a vestige of labor's past and the white, male leadership that has dominated the movement since its inception. That too must change, he says. Like Sweeney, he talks of a labor leadership that looks more like the workforce. At the California federation's July convention, when Pulaski was elected, the body voted to expand its executive council in order to include more women and people of color.

He says he wants to build the kind of labor movement that returns to "eyeball to eyeball" discussions about issues that affect the lives of working families — not just from March until November in an election season, but year around.

"Some folks say that I push beyond our reach," said Pulaski. "And I say that we have to push. You have to reach for the things you can't quite reach. When you're a child that's the way you learn to walk."

Andrea Lampros writes for California News Service, *a project of the University of California, Berkeley, Graduate School of Journalism.*

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Police

The embattled LAPD has a new force with which to contend: a feisty inspector general with a history of knocking heads with entrenched bureaucracies

by Sigrid Bathen

When Katherine Mader was a young lawyer working as the patient-rights advocate for the California Health Department in the mid-1970s, she conducted a surprise, 3 a.m. inspection at Metropolitan State Hospital in Norwalk — a gloomy, institutional relic that resembled a prison as much as a hospital for the mentally ill. Her visit was part of a massive probe of the troubled state hospital system, which was under siege by the news media and residents' relatives incensed about substandard care and a raft of "suspicious" patient deaths and injuries going back years.

"I would go on to the wards to see if the people in restraints and seclusion had been checked every 15 minutes, as required by law," said the 48-year-old Mader. "The chart said they had been checked at 15-minute intervals all the way from 2 to 6 a.m. And this was at 3."

Hired by then-state Health Director Dr. Jerome Lackner to head a new Patient Rights Office and answerable only to Lackner and his chief administrator, Ray Procunier, Mader got results. Abusive, lazy or deceptive staff members were disciplined or fired, and several especially egregious cases of patient neglect, abuse or death were referred for possible criminal prosecutions.

It was Mader's methodical, exhaustively researched, utterly no-nonsense style that caught the attention of the Los Angeles Police Commission. Desperately in need of a tenacious troubleshooter, they hired Mader this past spring to be their first-ever inspector general. In hiring Mader, the commission gets someone who has seen law enforcement from both sides — first as a Sacramento County public defender, then in the high-profile, controversial patient rights post, later as a criminal defense attorney for,

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Woman

Illustration by Norm Hines

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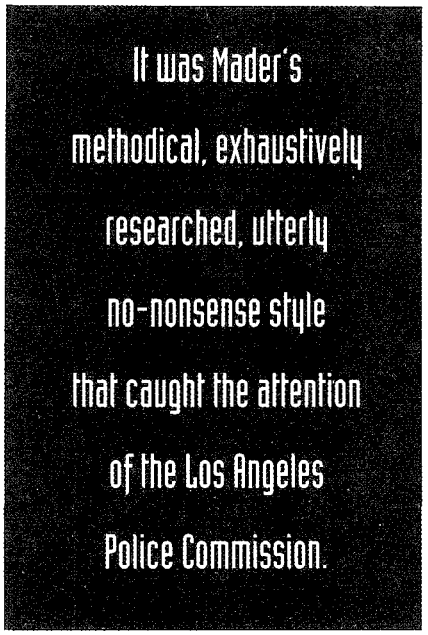
among others, Angelo Buono, the infamous Hillside Strangler. In 1985, she took the unusual step from defense to prosecution, becoming a top prosecutor in the Los Angeles District Attorney's Office, prosecuting, among others, former Los Angeles City Councilman Art Snyder for campaign fund-raising violations during his time as a lobbyist. Getting ever closer to the inner workings of the giant, troubled LAPD, she was assigned in 1993 to the DA's Special Investigations Division, which probes officer-involved shootings.

Mader has already made waves in her new job — matter-of-factly pointing out to embattled Police Chief Willie Williams in a recent public hearing that his statistics on officers' use of racial epithets were, well, *wrong*. Sitting with Williams on a panel testifying before the U.S. Civil Rights Commission, Mader told the chief that her staff count of personnel complaints involving "ethnic remarks" by officers last year was 86. The chief had said 31.

"I was hired to call it like it is," said Mader after the meeting.

Procunier — the longtime former California state prison director who came out of retirement at the request of Lackner and a beleaguered Governor Jerry Brown to ramrod the controversial investigation of patient abuse and deaths in the state hospitals — said Mader was "very unpopular with some people" in the health department. "She was constantly calling things to my attention that I needed to know," Procunier said. "She was very tenacious, very honest. She would call the shots as she saw them."



Mader's new position was created out of recommendations by the Christopher Commission after the 1991 Rodney King arrest and the devastating Los Angeles riots that followed. Appointed by the five-member Police Commission, which hires and fires the chief and is appointed by the mayor, the office is designed to provide independent oversight of the LAPD — its internal disciplinary processes, civil litigation, the effectiveness and fairness of citizen complaint procedures and the annual audit of the department's disciplinary system. One of her functions is to review every investigation by the LAPD's own Internal Affairs Division, which examines allegations of officer misconduct. "I look for objectivity and thoroughness," says Mader, "and I've found a mixed bag."

In one instance, she raised serious questions about the case of an officer found guilty of "a sexual offense involving a minor" who was disciplined [129 days off without pay] but allowed to keep his job. "I vehemently disagree with the decision to keep him on," says Mader. "One of the criticisms made by the Christopher Commission is that the police department as an institution is unusually lenient [in officer discipline]. I believe an individual who violates his position of trust and authority in such a blatant way should not be allowed to carry a badge and gun."

She is also investigating allegations of "a hostile work environment for female officers in a particular division" of the LAPD, a massive bureaucracy which employs more than 9000 sworn officers and another 3000 civilian personnel. "This has been going on for a considerable period of time, and supervisors who are aware of it have done nothing about it."

In addition to reviewing internal investigations and initiating her own, Mader examines citizen complaints and those of officers who increasingly come to her with long-held concerns about the operation of the department. Mader says she does not view her role as "somebody who runs around looking over people's shoulders and saying, 'Gotcha!' I view my job as finding problems and rectifying them. I think it is very important for somebody like myself who is completely independent and with no vested interest in the department to be able to come to a conclusion and get the word out. That includes getting the word out when I find that things are working well."

She is also reviewing persistent allegations that "there is disparate treatment among the various ranks and divisions, as well as by ethnicity and gender, in the way discipline is administered," with officers from the rank and file, minorities and women, punished more seriously than command staff, which generally means captains and above. "These are stories that are perpetuated generally without any objective data, but the stories nonetheless persist." An analyst is currently going through every 1995 disciplinary complaint to determine whether those disparities exist.

A major focus of the office is breaking down the longstanding, unwritten officers' "code of silence" in investiga-

Statement of Ownership, Management and Circulation (Required by 39 U.S.C. 3685). 1. Publication Title: California Journal. 2. Publication No. 825300. 3. Filing Date: September 30, 1996. 4. Issue Frequency: Monthly. 5. Number of issues published annually: 12. 6. Annual Subscription Price: $37.95/59.00/95.00. 7. Office of Publication: 2101 K Street, Sacramento CA 95816. 8. Headquarters of general business offices of the publisher: Same. 9. Full Names and complete address of publisher, editor, and managing editor: Publisher: Thomas R. Hoeber; Editor: A.G. Block, Managing Editor: Steve Scott, 2101 K Street, Sacramento CA 95816. 10. Owner: Information for Public Affairs, Inc., 2101 K Street, Sacramento CA 95816; Richard W. & Hope Brandsma, Judson C. Clark, R. William & Marilyn J. Hauck, Thomas R & Maru Hoeber, Mathew J & Patricia M. Hogan, Koppes Family Revocable Trust, Raymond Posey & Vicky Caul-Posey, Michael W. & Anita K. Wenstrom, Arthur S. & Beverly R. Zimmerman, Elfriede F. Hoeber. 11. Not Applicable. 12. Not Applicable. 14. Circulation Data for Sept. 1996 issue. 15. Extent and Nature of Circulation: (Average No. Copies each issue During Preceeding 12 months) Actual No. Copies of Single Issue Published Nearest to Filing Date. A. Total number of copies: (13,792) 14,500. B. Paid circulation: 1. Sales through dealers and carriers, street vendors and counter sales: (917) 1,784. 2. Mail Subscriptions: (10,082) 10,039. C. Total Paid Circulation: (10,099) 11,823. D. Free Distribution by Mail: (536) 477. E. Free Distribution outside the Mail: (116) 4. F. Total Free Distribution: (652) 481. G. Total Distribution: (11,651) 12,304. H. Copies not Distributed: 1. Office use, left over, spoiled: (1,090) 1,696. 2. Return from News Agents: (1,051) 0. Total (13,792) 14,000. Percent Paid: (94%) 96%. 17. I certify that the statements made by me above are correct and complete. Thomas R. Hoeber, Publisher.

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tions of other officers. Noting that Williams says he has "stepped up" his own investigations of such cases, Mader is watching that process closely. She also plans to go beyond the confines of the hierarchy to look at allegations that there is "an inordinate amount" of domestic violence in the families of the LAPD — and to be certain that officers who commit acts of domestic violence, or any other crime, don't receive preferential treatment.

"When the public and officers in the department perceive there is a difference in treatment, it is bad for morale within the department," Mader said. "If there is a perception that people are being treated fairly, no matter what their rank, ethnicity, gender, whatever, I think it not only is good for the system but translates into better relationships on the street ... There is obviously a great distrust by certain members of the community toward the police department. Whether it is just or not, the perception exists. Obviously, there have been documented instances where members of the public have not been treated courteously or have been the victims of excessive force. Conversely, I think it's important to recognize that the police are out there, sometimes in extremely hostile situations. It's always going to be a very tenuous situation on the street.'

Despite a somewhat chilly reception from the chief — who declined to be interviewed for this article, saying through a spokesman that it was "too early" to comment — she says most officers have been "fairly welcoming." Williams has instructed his officers to give her full access to information. "They are to cooperate and not give me any trouble," she says. "It took a few weeks to get that message straightened out."

Although Williams declined to be interviewed, his chief press spokesman, LAPD Commander Tim McBride, said he has met with Mader "and watched her in action" at numerous meetings. "Everything I've seen is supportive of her reputation of being objective and professional," he said.

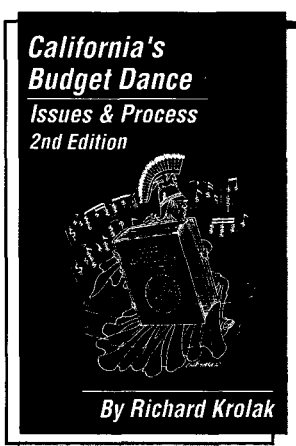
Merrick J. Bobb, special counsel to the commission, called Mader's "an extremely good appointment" to a position viewed with some suspicion by the LAPD, which has been beset by criticism of its ineptitude in a range of responsibilities, from accurate record-keeping to cordial relationships with community residents. "It's not easy to come into that position," said Bobb. "The LAPD has never had to deal with an inspector general before."

At 48, Mader has an impressive resume. Criminal defense attorney, prosecutor, health-care advocate, author of three books on the annals of big-city crime — *Fallen Angels: Chronicles of L.A. Crime and Mystery; Rotten Apples: Chronicles of New York Crime and Mystery*, and *Perfect Crimes*. She was born in Los Angeles to an Austrian scientist father with a Ph.D. from the University of Vienna, who barely escaped the Holocaust in Europe, emigrating to Los Angeles and eventually becoming chief chemist for the Los Angeles Air Pollution Control District, and a German-born public health nurse who met her husband in a Jewish social club in Los Angeles. She was their only child, and was cared for while her parents worked by her maternal grandfather, who lived with the family. Both parents, who died in the early 1980s, lost many relatives — including one of her father's three sisters, her husband and three children — in Hitler's Europe, and Mader still places articles in Los Angeles' *Jewish Journal* trying to locate any survivors or their descendants. Every few years, she visits an aunt, now 92, who survived the concentration camps and lives in Vienna.

Parlaying their own frugality and her father's reputed wartime skill at poker — which is believed to have provided the seed money for the family's first house, a duplex in Los Angeles — Mader's parents moved to a basic '50s ranch-style in Brentwood when she was 11, and she was a member of the "Class of '65" at Palisades High School, made famous by a book of the same name. She met her husband, Norman Kulla, when both were students at UCLA, and they horrified their parents by getting married when she was 19 and he 20. They went to UC-Davis Law School together, and have defied the divorce statistics of their generation by staying married for nearly 30 years. They live in Pacific Palisades and have three children — 18-year-old Julia, a freshman at UC-San Diego, 11-year-old David and Hans, 7. Kulla is a tax attorney and investment adviser in West Los Angeles.

The somewhat grudging acceptance initially given Mader has made her investigations easier, but she has no illusions about the challenges she faces in dealing with an institution the size of LAPD. Even if she's successful in changing the department's culture, institutional reforms can be illusory. The state Health Department where Mader made headlines 20 years ago as the Patient Rights Advocate was reorganized around the same time her investigation was being conducted. A few years ago, on a whim, Mader phoned her old department (now called health services) and asked for the Patient Rights Office which she once headed.

"They had no idea what I was talking about," she says. "Hopefully, that won't be the fate of the inspector general."



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Washington Notes

perspective

By Marc Sandalow

Bill Baker

On a cold winter's day in Washington shortly after Republicans took over the California Legislature almost two years ago, Contra Costa County's Republican Representative Bill Baker reflected on what might have been had he remained in Sacramento. Sipping bean soup in the Capitol dining room reserved for House members, Baker observed that, by now, he would have been chairman of the Assembly Ways and Means Committee. With a decade and a half of service in the Legislature — and political nemesis Willie Brown Jr. soon to be deposed — Baker would arguably have been among the state's most influential lawmakers.

"If I had known [the GOP] was going to take over, maybe I would have stayed," Baker said, wistful of his time in the state Capitol. "They don't go out of their way here to help minority freshmen."

Baker is no longer in the minority, or a freshman. The same GOP tidal wave that loosened the Democrats' grip on Sacramento also washed away 40 years of Democratic control in the House of Representatives. Even so, Baker's influence, to put it nicely, has lots of room to grow. He still occupies an out-of-the way, seventh floor office. His modest efforts to become part of the GOP's elite leadership have so far been rebuffed. And, as just one of 435 House members, he noted wryly in an interview this fall, "they don't call me up and say, 'Hey Bill, what do you think about the universe.'"

Baker's lot in Washington is not unlike most second-term members of the lower chamber. His move from Sacramento to Washington is an interesting study in influence, and the trade-off that is made when one moves from state to federal office.

The path eastward is well worn. Nineteen of the state's 52 representatives in Congress served first in the Legislature. Some rise to powerful House positions, such as Vic Fazio of Sacramento and Jerry Lewis of San Bernardino. Most are hardly visible on the national scene.

Once they leave Sacramento, elected officials give up opportunities to tinker with local school budgets, negotiate water projects, and create regional parks. Instead, members like Baker become a lone voice in a much larger chorus addressing sweeping issues such as welfare, health care and the national debt. The two committees that Baker serves on — Transportation and Science — have more members than the entire California Legislature.

"The state Legislature was a lot more rewarding because you could actually accomplish things" Baker said. "You are involved with smaller groups of people who are focused on problems that you can get a handle on. Here you are part of this grand scheme where decisions are generally made at the top."

In Sacramento, Baker had a reputation for being both fiercely partisan and being able to go behind the scenes to get things done with the leaders of the other party. "Here that is harder," Baker said. "This is far more partisan. And the partisanship is from the top."

Baker is happy to boast about his part in securing funds for local science and transportation projects. But ask him what he is most proud of, and he will talk about the loftier goals contained in the GOP's "Contract with America," such as welfare reform, spending cuts and a balanced budget.

In Washington, as in Sacramento, Baker is generally regarded by colleagues as sharp, partisan, quick-tongued, sometimes acerbic and consistently conservative. His successes include securing money for the Lawrence Livermore Laboratory and for BART's extension to San Francisco's airport, as well as pushing a measure to allow non-working spouses, not just employees, to put aside money in individual retirement accounts.

Baker is a fierce defender of conservative causes in general and House Speaker Newt Gingrich in particular. His fondness for wisecracks — whether they are politically sensitive or not — have caused him troubles in Washington just like they did in Sacramento. He raised eyebrows last summer, for example, when he turned to former Democratic Congressman Norm Mineta of San Jose during a tribute to Mineta and others who fought in the Korean War and asked, "Norm, which side?" Mineta, a Japanese-American who served in the Army from 1953 to 1956 and whose family was placed in an internment camp in World War II, shrugged off the remark, which drew more attention in Capitol gossip circles than most of Baker's accomplishments.

One of the sobering realities of Washington is just how hard it is to make one's mark. It took Fazio nearly two decades to rise to a prominent place in the Democratic leadership, and Lewis just as long be named chairman of a coveted subcommittee on the Appropriations Committee.

Baker is now involved in his toughest campaign since his first race for Assembly in 1980. He is being challenged by businesswoman Ellen Tauscher, who has put a considerable amount of her own wealth into the contest, and who has attacked Baker's loyalty to Gingrich and his conservative record. "Baker's voting record is way too extreme for the district and way too partisan for the district," Tauscher told the *Contra Costa Times*.

If voters give him the chance, Baker sees himself remaining in Washington for at least another six years, at which point he believes Republicans can place Medicare, Social Security and the federal budget on an irreversible track toward recovery.

In a recent interview just off the House floor, Baker was again asked about his decision to leave Sacramento. If he knew then what he knows now, might he have remained in the state Assembly?

"No," he said this time, as his pager began beeping indicating another vote was under way. "This opportunity to come here and get this job done is a dream of a lifetime."

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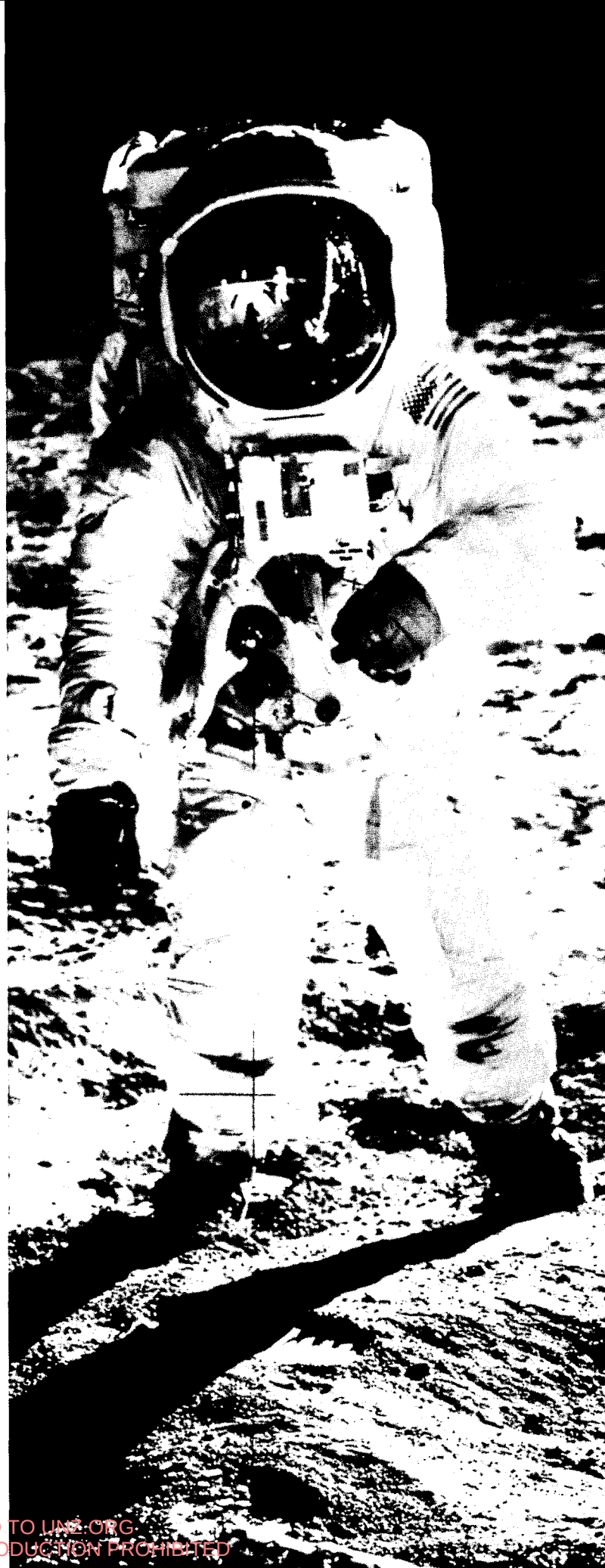

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